

Required Report: Required - Public Distribution

Date: July 20, 2021

Report Number: AR2021-0017

Report Name: Grain and Feed Update

Country: Argentina

Post: Buenos Aires

Report Category: Grain and Feed

Prepared By: Kenneth Joseph

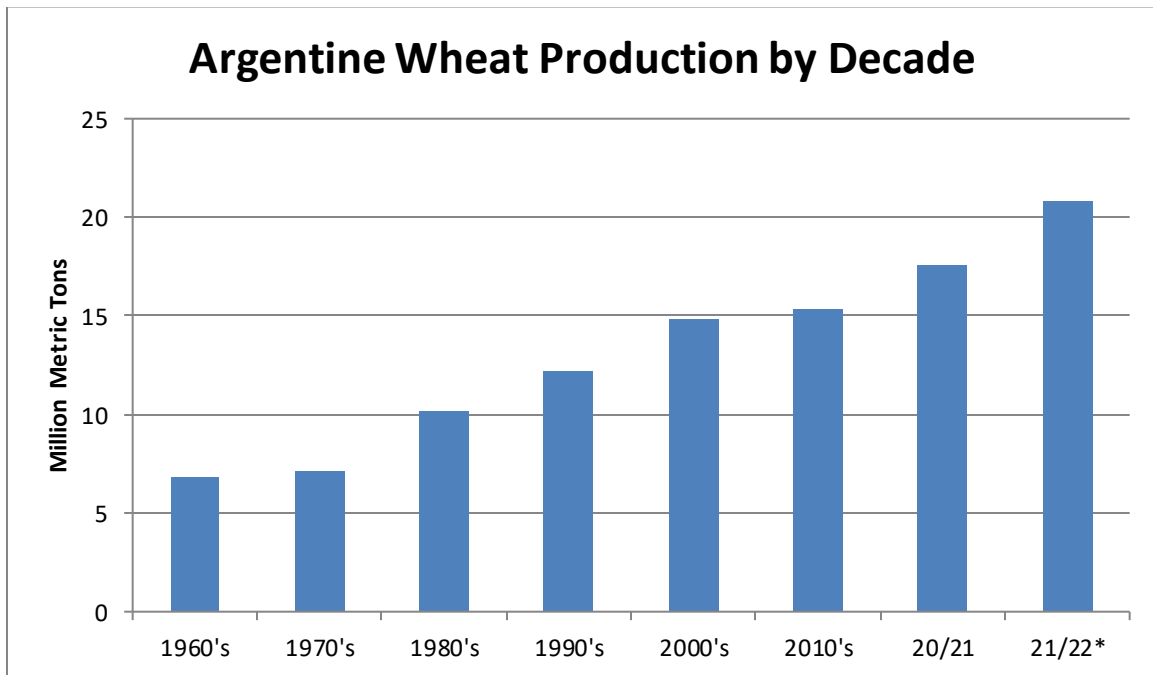
Approved By: Benjamin Boroughs

Report Highlights:

Wheat production in marketing year (MY) 2021/22 is projected at a record 20.8 million tons, 300,000 tons higher than USDA Official. As a result, wheat exports are also forecast to be the highest in history at 14.0 million tons (including wheat flour). Barley production in MY 2021/22 is forecast at 4.8 million tons, in line with USDA Official, however, exports are forecast at 3.2 million tons, 300,000 tons lower than USDA Official on higher projected domestic consumption. Corn production in MY 2021/22 is also forecast at a record of 51.5 million tons, slightly higher than USDA Official because of marginally larger acreage. Exports are forecast at 37.4 million tons, 1.4 million tons higher than USDA Official on higher production and beginning stocks. Sorghum production in MY 2021/22 is projected at 4.5 million tons, 350,000 tons higher than USDA Official and nearly the highest in a decade in response to strong Chinese demand. Rice production in MY 2021/22 is forecast at 845,000 tons milled basis, slightly

Wheat

Post projects wheat production in marketing year (MY) 2021/22 at a record high of 20.8 million metric tons (MMT), 300,000 tons higher than USDA Official. Post adjusts upwards its projected MY 2021/22 harvested area to 6.65 million hectares, 2 percent higher than USDA Official. Total acreage would have been even higher except that some areas in northern Cordoba, Santiago del Estero, and Chaco suffered dry conditions during planting. Wheat planting began in May and will conclude before the end of July. Soil moisture is adequate in most provinces, except in north-central Cordoba which needs additional precipitation. Despite increases in agricultural input prices, farmers are continuing to make investments in improved seed varieties and agrichemicals to improve quality and yields, as they anticipate positive financial returns at current prices. Fertilizer prices have risen more than the prices of other inputs. Post estimates a yield of 3.13 metric tons per hectare.



Source: FAS Buenos Aires and PSD

* Post's projection

With an expected large production and stable domestic consumption, wheat exports in MY 2021/22 are forecast at a record 14 MMT, including wheat flour in its wheat equivalent. This volume is 500,000 metric tons higher than USDA Official. Exports in the first 4-5 months of the new marketing year most likely will be directed primarily to South East Asia and African countries. Monthly exports to Brazil are relatively stable throughout the year, with a projected total volume of 5.8-6.0 MMT (without flour) in MY 2021/22. Wheat exports in MY 2020/21 are forecast up at 10.7 MMT (including wheat flour), 200,000 metric tons higher than USDA Official. Through early July 2021, exporters had declared exports for 10.1 MMT of wheat (not including flour).

In an effort to control domestic food prices by increasing domestic supplies, the government of Argentina has imposed various export controls, most recently in beef and earlier in corn. Wheat is also considered a key commodity and local market participants are aware that the government would be willing to intervene in the wheat export market if there was perceived to be a lack of supply in the

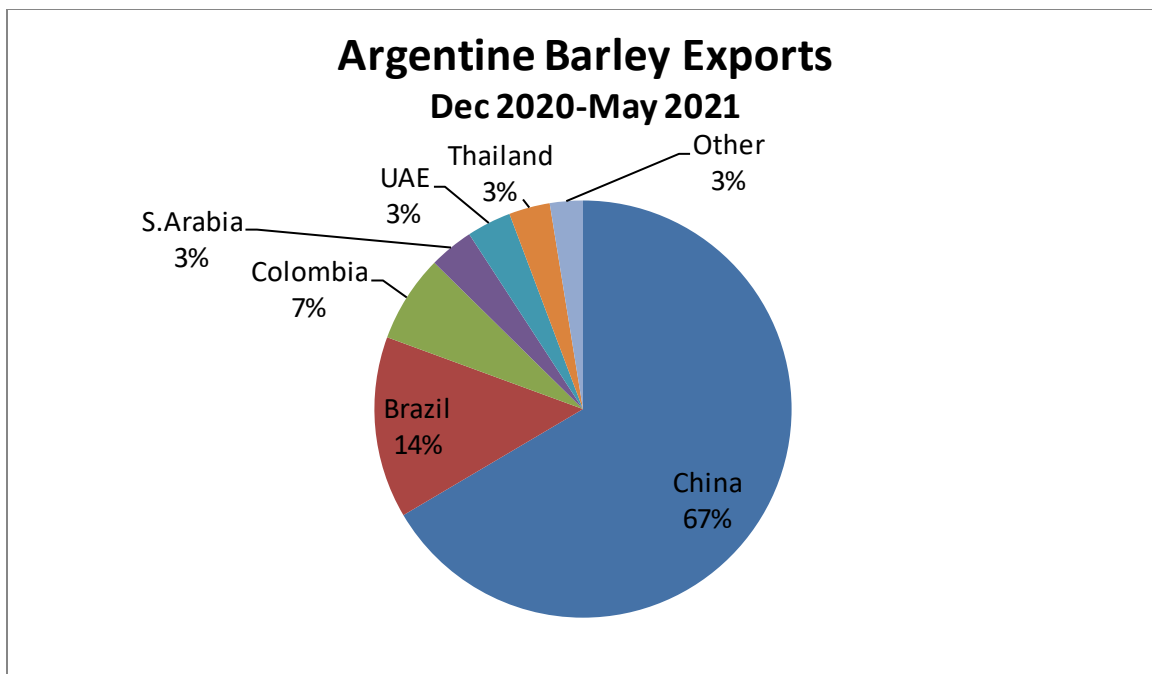
domestic market. Due to the difficulty in estimating wheat stocks in the country, the government has intensified its efforts to coordinate with industry and monitor the availability of wheat. Brokers and exporters believe that ending stocks of 2.0-3.0 MMT would be sufficient to provide liquidity in the domestic market.

Barley

Production for MY 2021/22 is estimated at 4.8 MMT, matching USDA Official, but on a slightly lower acreage. Planting is expected to be completed by the end of July. Late in the planting window, some producers in southeast Buenos Aires Province are shifting from wheat to barley, seeking higher returns. Overall, the crop condition is very good, though some parts of central Buenos Aires Province are struggling with excess soil moisture. Despite increased production costs due primarily to higher fertilizer prices, farmers are expected to invest in inputs to maximize crop yields and quality. Production for MY 2020/21 is estimated at 4.1 MMT, 9 percent lower than USDA Official, on a harvested area of 950,000 hectares. The spot price for feed quality barley is \$210 per metric ton and malting barley is \$235 per metric ton. Some local contacts believe the persistence of these elevated prices indicate that 2020/21 barley production could be lower than originally estimated by USDA Official, potentially as low as 3.9 MMT.

Post continues to forecast MY 2021/22 barley exports at 3.2 MMT, 300,000 metric tons lower than USDA Official. Through early July 2021, there were 825,000 metric tons of barley export declarations, of which 90 percent was feed quality. China is the primary destination for this volume. Exports for MY 2020/21 are expected at 2.5 MMT, 500,000 metric tons lower than USDA Official, which has an estimated production significantly higher than Post. Through mid-July 2021, exporters had made 2.35 MMT worth of barley export declarations. Traders do not expect further feed barley sales to China for the rest of the marketing year as France and the Ukraine are currently more competitive than Argentina. Some 150,000 metric tons of malting barley could be sold in the next few months, for a total of 1.0 MMT in MY2020/21. In the first months of MY 2020-21 China purchased more than 90 percent of the feed barley (mostly graded FAQ – Fair Average Quality barley) as well as three vessel loads of malting barley totaling 180,000 metric tons. Chinese demand for Argentine barley began in MY 2019/20 with a strong increase in 2021 after it entered a commercial dispute with Australia, its historic main supplier.

The following chart shows Argentine barley exports for the first half of MY 2020/21 (December 2020-May 2021) which totaled 1.92 million tons. The chart is based on shipment data published by Nabsa, a local maritime agency, because Argentine government export data reports the destination of many cargoes as “Confidential”.



Source: FAS Buenos Aires with Nabsa data

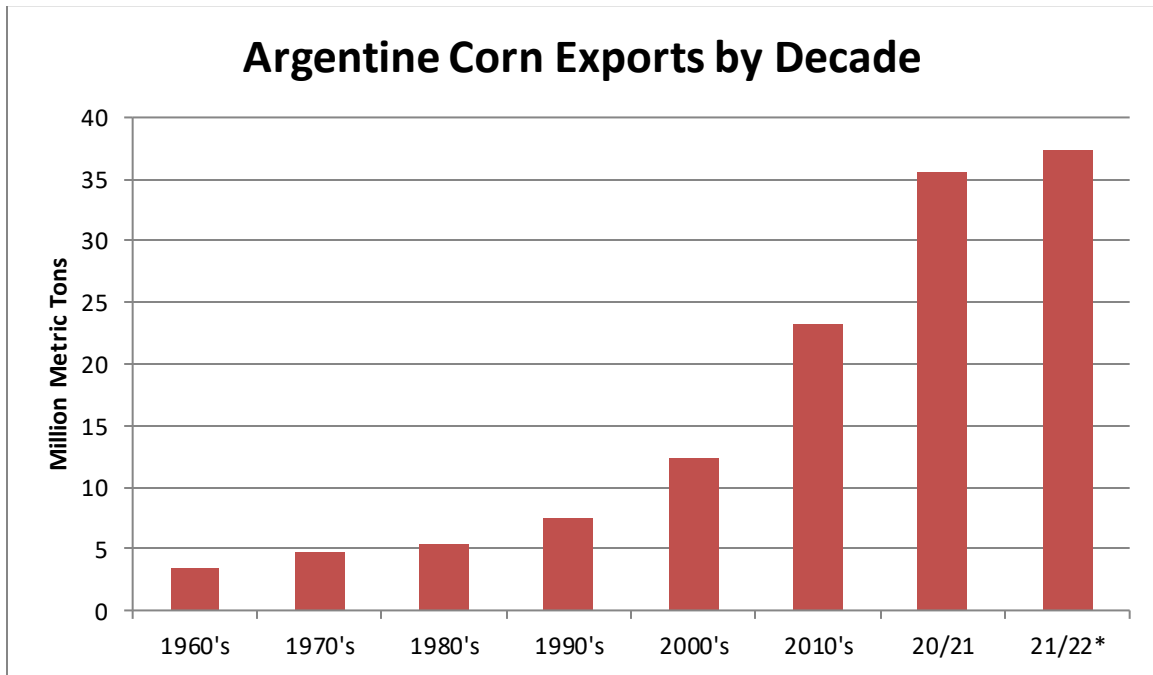
Corn

Production in MY 2021-22 is forecast at 51.5 MMT, the highest ever, but in line with the past three crop seasons. Post's projection is 500,000 metric tons and 150,000 hectares higher than USDA Official. However, Post's average yield is forecast 1.4 percent lower. Long range weather forecasts currently predict a dry spring, which could complicate the development of early season corn. This could encourage some farmers to plant late season corn instead, which is believed to have less yield variability but a somewhat lower yield ceiling than early-planted corn. Significantly higher prices of fertilizers and crop protection products have lately reduced economic margins, but corn is still the most potentially remunerative option in areas close to feedlots, ethanol plants, or ports. Despite recent volatility in global commodity markets, local farmers are optimistic that grain prices will return to peak prices seen in early May 2021. Many farmers have already purchased their inputs, opting for significant investments in inputs, with the aim of increasing their profitability by maximizing output.

With roughly 75 percent of the MY 2020/21 corn harvest completed, many sources and contacts have revised upwards corn harvested area and production, especially in the more marginal corn producing Provinces of La Pampa, Santiago del Estero, and Entre Rios. Late planted corn is yielding very well in most areas, but especially in southern and eastern Cordoba Province which had well timed and adequate rains. Post projects MY 2020/21 corn production at 48.8 MMT, 300,000 metric tons higher than USDA Official.

Corn exports for MY 2021/22 are projected at a record 37.4 MMT, and 1.4 MMT higher than USDA Official. Post estimates a larger total supply because of higher production and higher beginning stocks, further post estimates a lower domestic consumption for MY 2020/21 at 14.0 MMT, 500,000 metric tons lower than USDA Official. The Argentine economy is rebounding after last year's pandemic, but at a slower pace than expected. High corn prices have raised costs for most livestock sectors, which are expected to grow but only moderately. However egg production is an exception, where a significant

drop in production is expected due to low retail prices and increased production costs. Corn consumption for bioethanol is expected to total 1.25 MMT in 2021, 150,000 metric tons higher than in 2020.



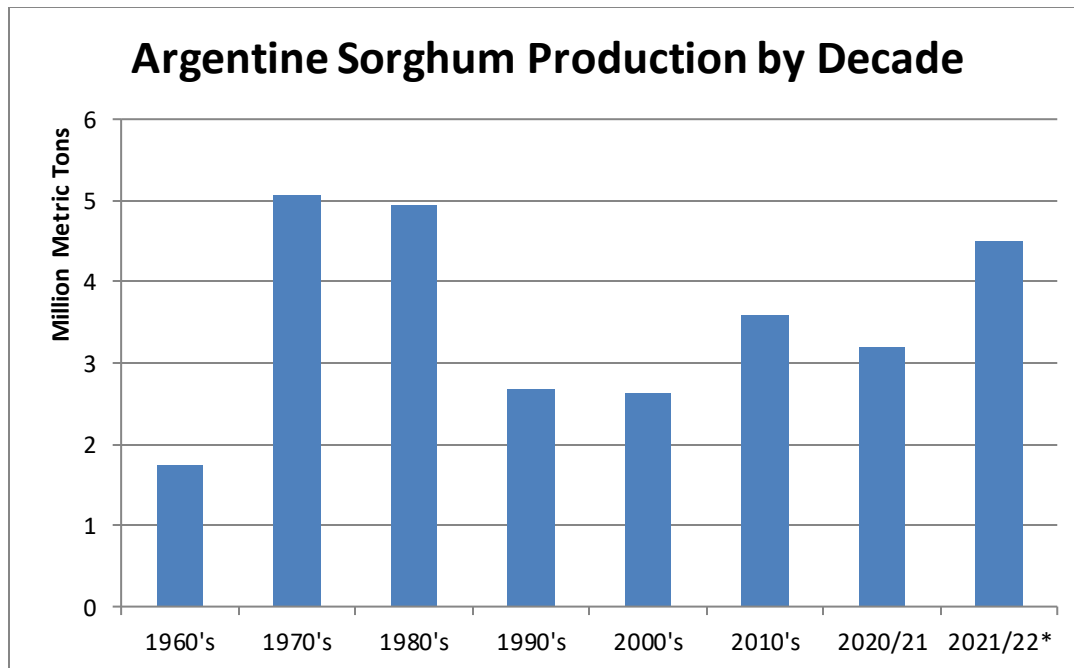
Source: FAS Buenos Aires & PSD

* Post's projection

Sorghum

Production for MY 2021/22 is forecast at 4.5 MMT, 350,000 metric tons higher than USDA Official as Post projects higher yields. Production would be the highest of the past 9 years. In mid-2020 global sorghum prices began to increase significantly as a result of China's increased demand. In Argentina, local sorghum prices rose higher for most of the year. Farmers responded by expanding area in MY 2020/21 and are expected to do so again in MY 2021/22.

Sorghum production peaked in Argentina in the 1970s, but after a resurgence during the period 2008-2013, there has been reduced interest among farmers and less investment by seed companies. However, during the last crop season, sorghum represented the best economic alternative for many farmers, combining high prices with lower production costs than corn. Practically speaking, there is now no more sorghum seed available for the MY 2021/22 planting season, with vendors selling out several months ahead of planting. Sorghum is often grown on more marginal land as a low-risk/low-reward crop, but with higher expected returns this year, farmers are looking to planting sorghum in fields with better soils, using new hybrid seed, increasing the level of fertilization, and improving the use of crop protection products and management. Post projects the average yield at 4.7 tons per hectare, 8 percent higher than USDA Official. An important factor that helps to explain the expansion of sorghum area is the fact that farmers can purchase futures contracts, locking in part of their potential income. Current sorghum futures prices (April 2022) are \$180 per metric ton, 7.7 percent lower than that of corn.



Source: FAS Buenos Aires & PSD

* Post's projection

Argentina is one of the four countries that have a phytosanitary protocol with China to export sorghum. Local exporters together with SENASA, the Argentina phytosanitary service, have invested in processes to ensure the quality of sorghum exports. One of their main focuses is preventing the presence of Johnson grass seed in China-bound shipments.

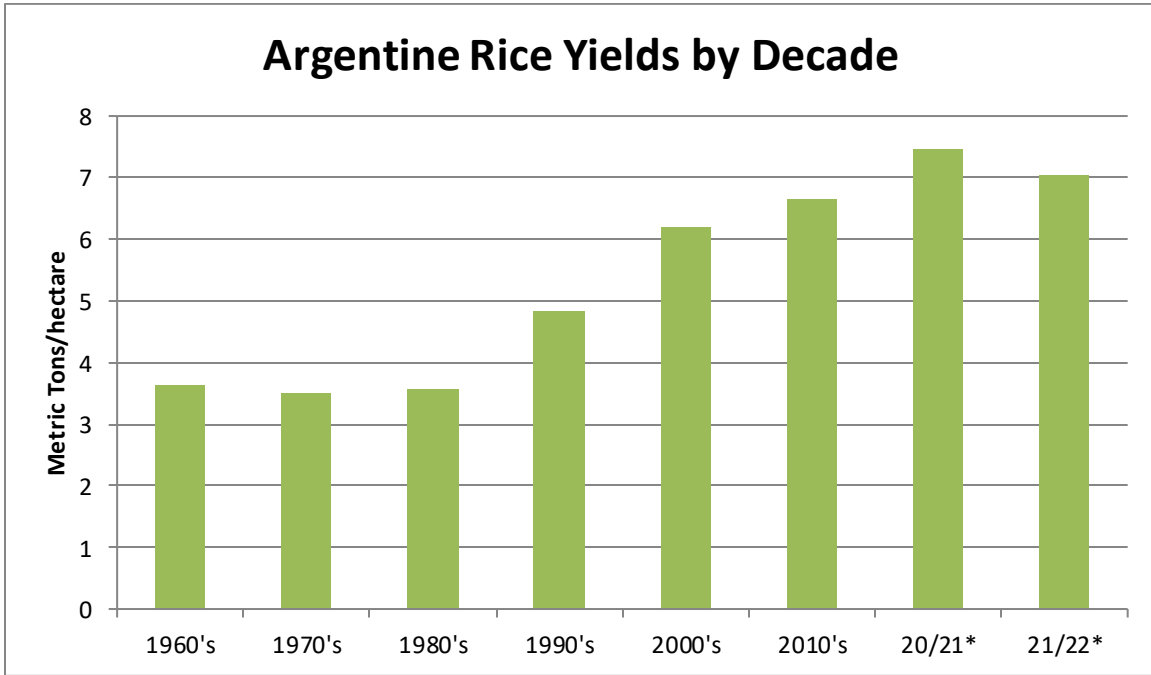
Exports in MY 2020-21 are estimated at 1.6 MMT, 300,000 metric tons higher than USDA Official. Through early July 2021, exporters requested export permits to ship 1.6 MMT of sorghum. Based on private trade data, by mid-July 2021 Argentina has shipped 950,000 metric tons of sorghum. Only 4-5 companies participated and China was the primary destination.

Rice

Post projects rice production for MY 2021/22 at 845,000 metric tons, milled basis, close to matching USDA Official, but with an area 5,000 hectares lower and thus a higher average yield. Market conditions, with projected good farmer returns, could result in a total planted area of 200,000-205,000 hectares, but the low level of the Parana River, which is expected to reach record lows in the next few months, could prevent some planting or cause some planted field to be abandoned. Rice producers will try to plant as much area as they can but will have to adapt their irrigation systems to scarce water supplies. The level of the Parana River has a direct influence in the rice production areas of the San Javier River in Santa Fe province, the Corrientes River in Corrientes province and Guayquiraró River in the Province of Entre Ríos. The rest of the country's rice area is expected to expand somewhat as reservoirs in Corrientes are in good condition and producers in Entre Ríos irrigate mostly with ground water.

Anticipation of good returns in MY 2021/22, after several years of low rice prices and tight returns, will encourage a higher use of inputs at the farm level which could result in better yields than in the past

several years. MY 2020/21 saw record high yields of 7.46 tons per hectare. Because of this, Post raises production for MY 2020/21 to 897,000 metric tons milled basis, 91,000 metric tons more than USDA Official. Local agronomists attribute these higher than normal yields to excellent climatic conditions experienced across the region, with warm, sunny days and cooler nights. In addition to high yields, grain quality has been generally good, with a lower-than-normal percentage of broken rice.



Source: FAS Buenos Aires & PSD

* Post's projection

Exports in MY 2021/22 are projected at 390,000 metric tons, 50,000 metric tons higher than USDA Official, based on projected production and exportable supplies. Carry-in and carry-out volumes are forecast to be at very low levels. Rice exports in MY 2020/21 are forecast at 430,000 metric tons, milled basis, 100,000 tons higher than USDA Official as production was significantly higher than initially forecast. Roughly half of this volume is already committed with export permit declared. To date, the leading destinations are Cuba, Spain, Chile and Brazil. The remainder is expected to be sold throughout the rest of the marketing year but there is some uncertainty about destinations due to the current high cost of freight. Most likely Chile, Spain and Brazil will continue to be important markets. The low level of the Parana River would not affect logistics and exports of rice as shipments are normally loaded at ports located downriver which have seen higher water levels.

Brokers and mills indicate that beginning stocks in MY 2020/21 (April 1, 2021) were roughly 15,000-20,000 metric tons of milled rice. In fact, some mills ran out of stocks in December 2020 because of the combination of strong domestic consumption and large exports to Brazil in the last part of 2020.

Wheat Market Year Begins Argentina	2019/2020		2020/2021		2021/2022	
	Dec 2019		Dec 2020		Dec 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	6730	6730	6390	6390	6500	6650
Beginning Stocks (1000 MT)	1737	1737	1722	1722	2507	2357
Production (1000 MT)	19780	19780	17630	17630	20500	20800
MY Imports (1000 MT)	5	5	5	5	4	4
TY Imports (1000 MT)	3	3	5	5	4	4
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	21522	21522	19357	19357	23011	23161
MY Exports (1000 MT)	13500	13500	10500	10700	13500	14000
TY Exports (1000 MT)	13608	13608	9500	9500	13000	13500
Feed and Residual (1000 MT)	50	50	50	50	50	50
FSI Consumption (1000 MT)	6250	6250	6300	6250	6400	6350
Total Consumption (1000 MT)	6300	6300	6350	6300	6450	6400
Ending Stocks (1000 MT)	1722	1722	2507	2357	3061	2761
Total Distribution (1000 MT)	21522	21522	19357	19357	23011	23161
Yield (MT/HA)	2.9391	2.9391	2.759	2.759	3.1538	3.1278

(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 2021/2022 = July 2021 - June 2022

Barley Market Year Begins Argentina	2019/2020		2020/2021		2021/2022	
	Dec 2019		Dec 2020		Dec 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	1120	1000	1090	950	1250	1200
Beginning Stocks (1000 MT)	723	723	718	618	818	738
Production (1000 MT)	3800	3800	4500	4100	4800	4800
MY Imports (1000 MT)	16	16	0	0	0	0
TY Imports (1000 MT)	16	16	0	0	0	0
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	4539	4539	5218	4718	5618	5538
MY Exports (1000 MT)	2421	2421	3000	2500	3500	3200
TY Exports (1000 MT)	2598	2598	2900	2400	3500	3200
Feed and Residual (1000 MT)	200	400	200	200	200	200
FSI Consumption (1000 MT)	1200	1100	1200	1280	1200	1350
Total Consumption (1000 MT)	1400	1500	1400	1480	1400	1550
Ending Stocks (1000 MT)	718	618	818	738	718	788
Total Distribution (1000 MT)	4539	4539	5218	4718	5618	5538
Yield (MT/HA)	3.3929	3.8	4.1284	4.3158	3.84	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 Barley begins in October for all countries. TY 2021/2022 = October 2021 - September 2022

Corn Market Year Begins Argentina	2019/2020		2020/2021		2021/2022	
	Mar 2020		Mar 2021		Mar 2022	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	6300	6300	6200	6300	6250	6400
Beginning Stocks (1000 MT)	2367	2367	3619	3619	2124	2924
Production (1000 MT)	51000	51000	48500	48800	51000	51500
MY Imports (1000 MT)	4	4	5	5	5	5
TY Imports (1000 MT)	3	3	5	5	5	5
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	53371	53371	52124	52424	53129	54429
MY Exports (1000 MT)	36252	36252	35500	35500	36000	37400
TY Exports (1000 MT)	39917	39917	33500	33500	38000	38000
Feed and Residual (1000 MT)	9500	9500	10500	10000	10500	10400
FSI Consumption (1000 MT)	4000	4000	4000	4000	4000	4100
Total Consumption (1000 MT)	13500	13500	14500	14000	14500	14500
Ending Stocks (1000 MT)	3619	3619	2124	2924	2629	2529
Total Distribution (1000 MT)	53371	53371	52124	52424	53129	54429
Yield (MT/HA)	8.0952	8.0952	7.8226	7.746	8.16	8.0469

(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 2021/2022 = October 2021 - September 2022

Sorghum Market Year Begins Argentina	2019/2020		2020/2021		2021/2022	
	Mar 2020		Mar 2021		Mar 2022	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	575	575	715	730	950	950
Beginning Stocks (1000 MT)	454	454	266	266	266	166
Production (1000 MT)	2500	2500	3200	3200	4150	4500
MY Imports (1000 MT)	0	0	0	0	0	0
TY Imports (1000 MT)	0	0	0	0	0	0
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	2954	2954	3466	3466	4416	4666
MY Exports (1000 MT)	638	638	1300	1600	2200	2200
TY Exports (1000 MT)	426	426	1000	1300	2500	2500
Feed and Residual (1000 MT)	1750	1750	1600	1400	1600	1800
FSI Consumption (1000 MT)	300	300	300	300	300	400
Total Consumption (1000 MT)	2050	2050	1900	1700	1900	2200
Ending Stocks (1000 MT)	266	266	266	166	316	266
Total Distribution (1000 MT)	2954	2954	3466	3466	4416	4666
Yield (MT/HA)	4.3478	4.3478	4.4755	4.3836	4.3684	4.7368

(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 2021/2022 = October 2021 - September 2022

Rice, Milled Market Year Begins Argentina	2019/2020		2020/2021		2021/2022	
	Apr 2020		Apr 2021		Apr 2022	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	185	185	183	185	190	185
Beginning Stocks (1000 MT)	182	182	107	167	100	186
Milled Production (1000 MT)	795	795	806	897	840	845
Rough Production (1000 MT)	1223	1223	1240	1380	1292	1300
Milling Rate (.9999) (1000 MT)	6500	6500	6500	6500	6500	6500
MY Imports (1000 MT)	6	6	7	7	7	7
TY Imports (1000 MT)	9	9	7	7	7	7
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	983	983	920	1071	947	1038
MY Exports (1000 MT)	361	361	330	430	340	390
TY Exports (1000 MT)	335	335	350	450	340	390
Consumption and Residual (1000 MT)	515	455	490	455	490	455
Ending Stocks (1000 MT)	107	167	100	186	117	193
Total Distribution (1000 MT)	983	983	920	1071	947	1038
Yield (Rough) (MT/HA)	6.6108	6.6108	6.776	7.4595	6.8	7.027

(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 2021/2022
= January 2022 - December 2022

Attachments:

No Attachments