

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Argentina

Grain and Feed Update

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Report Highlights:

For marketing year (MY) 2019/20, Post wheat production is forecast higher than USDA at a record 20.8 million tons on larger planted area than USDA lifting exports to a record 14.3 million tons. Barley production, projected at 3.76 million tons falls below USDA on Post's reduced planting area with exports 200,000 tons lower than USDA at 2.5 million ton. Post's corn production estimate nearly matches USDA's. Post's sorghum production is forecast just below USDA at 2.3 million tons on lower average yields but growing trade with China lifts exports 300,000 tons above USDA to 400,000 tons. Rice exports are estimated higher than USDA at roughly 375,000 tons.

Wheat: Production in marketing year (MY) 2019/20 is forecast at a record 20.8 million tons, 800,000 tons higher than USDA, based on an estimated area growth of 200,000 hectares to 6.4 million hectares. Planting is nearing 95 percent despite some areas in the Corn Belt that struggled with wet conditions during planting. The final area estimate remains close to Post's initial estimate. Sufficient ground moisture from winter has the crop, overall, in good condition to date.

Due to MY2018/19 strong returns, producers are expected to increase inputs and technology to drive higher productivity in MY2019/20. Post is expecting an average yield of 3.25 tons per hectare, slightly higher than USDA, and higher than the average yield of the past 5-10 years. Despite the government's reimplementing of export taxes on wheat last year, the significant currency devaluations improved the sector's competitiveness.

Given larger wheat production forecasts for MY2019/20, exports may grow to a record 14.3 million tons (including flour exports converted to wheat equivalent), 300,000 tons larger than USDA. Larger global supplies over last year, when some principal exporters had production issues, may see domestic prices trending lower in the future. However, analysts are watching Australia's dry weather and Brazil frosts for impacts on the market. Estimates are that Brazil, Argentina's main wheat destination, will need to import an additional 500,000-1,000,000 tons than earlier projected due to weather issues. Through early July, traders had purchased 1.8 million tons of the MY 2019/20 crop for export, nearly one million tons below a year ago. Export projections for MY 2018/19 remain at 13 million tons on strong production expectations.

Wheat domestic consumption for MY2019/20 is forecast at 5.8 million tons, 100,000 tons lower than USDA, as a sluggish economic recovery continues into 2020. Ending stocks for MY 2019/20 are forecast at 2 million tons, higher than USDA, as a larger supply is expected to more than offset greater exports and consumption.

Barley: Production for MY 2019/20 is forecast at 3.76 million tons, lower than USDA's 4 million tons, based on Post's harvested area of 940,000 hectares, which is smaller than USDA figures. The crop is reported to be in good condition and planting is expected to be completed by late July.

Industry sources estimate MY2018/19 production at 4.5 million tons on approximately 1 million hectares of harvested area. Although USDA also forecasts volume at 4.5 million tons this volume is based on an area that is larger by 200,000 hectares than Post. Domestic contacts agree that wheat's higher returns will likely be at the expense of barley planted area in MY2019/20.

Post projects barley exports for MY 2019/20 at 2.5 million tons, 200,000 tons lower than USDA and in line with a smaller expected output. Exports of malting barley could range between 1.1-1.2 million tons, within the normal range of volume exported to South American markets. The balance could be feed barley shipped primarily to Saudi Arabia and Middle Eastern markets. Through mid-July, 15,000 tons of the MY 2019/20 crop had been purchased for export, significantly lower than the 700,000 tons of MY 2018/19 a year ago reflecting higher global supplies.

Corn: Post forecasts corn planted area for MY 2019/20 at 6.2 million hectares, marginally higher than USDA's official number, with production at 49.8 million tons, 200,000 tons lower than USDA based on a modestly lower average yield. Although average yields in MY 2018/19 reached record highs, recent studies indicate that most farmers are not applying the fertilizer necessary to maximize crop potential. Nevertheless, given favorable weather conditions during the growing season into early 2020, production could surpass 50 million tons. In the past few months, corn prices have improved, especially vis-à-vis soybeans, making corn a top summer alternative. Based on June 2019 prices, corn gross margins were 15-30 percent higher than first soybean crop, depending on the location.

Corn exports in MY 2019/20 are projected at 34 million tons, slightly higher than USDA’s estimate. Contacts indicate that lately, logistical systems at the local ports are challenged by the large volumes of wheat, corn and soybeans being shipped in a concentrated window.

Post estimates food, feed and industry use for MY 2019/20 at 4.3 million tons, 400,000 lower than USDA, due to sluggish economic recovery. The beef sector continues to increase production, while pork, poultry and dairy are still recovering from the strong devaluation in 2018 that negatively affected their businesses, however all sectors are expected to expand their use of corn. The bioethanol sector, which consumes 1.4 million tons of corn annually, has met its yearly 12 percent mandate mix and there are doubts that the government will increase this percentage. Gasoline use is expected to recover slowly in 2020.

Ending corn stocks in MY 2019/20 are forecast at a record 6.8 million tons, held primarily by producers, with the hope that the demand from exporters to ship early in the new marketing year will make prices increase.

Sorghum: Post estimates production in MY 2019/20 at 2.3 million tons, 200,000 tons lower than USDA, based on lower average yield. Exports for MY2019/20 are projected at 400,000 tons, 300,000 tons higher than USDA, based on developing trade growth with China. Since late 2014 when China authorized the importation of Argentine sorghum, strict phytosanitary conditions have seen low export levels until recently. While Japan is expected to continue to be the main destination, shipments to China, are projected to grow due to a recent commercial connection. Starting from small volumes in 2018, an Argentine company shipped 32,000 tons in June 2019 and will soon send a second cargo for a total of 65,000 tons in MY 2018/19.

Sorghum exports in MY 2018/19 are expected at 300,000 tons, double that of USDA’s volume, due to trade interest from Asian markets. Sorghum exports during March-July 2019 totaled roughly 180,000 tons.

Domestic consumption in MY 2019/20 is forecast at 2.1 million tons, 400,000 tons lower than USDA, based on smaller production volume and larger exports than USDA’s projections. Stocks are expected to end at a low 155,000 tons.

Rice: Post estimates are in line with USDA’s planted area and production volumes for MY 2018/19 and MY 2019/20. Post export forecasts for both marketing years are higher than USDA as contacts indicate that, although exports are somewhat slow, the sector’s shipping pace will pick up to normal levels. The main export markets continue to be Chile, Iraq, Brazil, Costa Rica, and Bolivia. Although Argentine companies are expected to participate in international rice tenders, contacts indicate that, so far, potential exports to Iran, Iraq and Venezuela remain slow.

In July 2019, the Argentine government announced an export tax reduction on regional products, including rice, from 4 pesos per US dollar (roughly the equivalent of 9.4 percent) to 3 pesos per US dollar (roughly the equivalent of 7.0 percent). Contacts indicate that this modification provides a reduction of approximately \$10 per ton.

Statistical Tables

Wheat Market Begin Year Argentina	2017/2018		2018/2019		2019/2020	
	Dec 2017		Dec 2018		Dec 2019	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	5800	5800	6040	6040	6200	6400
Beginning Stocks	245	245	639	639	1394	1394
Production	18500	18500	19500	19500	20000	20800

MY Imports	4	4	5	5	10	5
TY Imports	5	5	5	5	10	5
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	18749	18749	20144	20144	21404	22199
MY Exports	12660	12660	13000	13000	14000	14300
TY Exports	13945	13945	12500	12500	14000	14300
Feed and Residual	50	50	50	50	50	50
FSI Consumption	5400	5400	5700	5700	5900	5800
Total Consumption	5450	5450	5750	5750	5950	5850
Ending Stocks	639	639	1394	1394	1454	2049
Total Distribution	18749	18749	20144	20144	21404	22199
Yield	3.1897	3.1897	3.2285	3.2285	3.2258	3.25

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

Barley	2017/2018		2018/2019		2019/2020	
	Dec 2017		Dec 2018		Dec 2019	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Market Begin Year						
Argentina						
Area Harvested	935	935	1200	1000	1000	940
Beginning Stocks	447	447	437	437	487	487
Production	3740	3740	4500	4500	4000	3760
MY Imports	0	0	0	0	0	0
TY Imports	0	0	0	0	0	0
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	4187	4187	4937	4937	4487	4247
MY Exports	2500	2500	3100	3100	2700	2500
TY Exports	2600	2600	3100	3100	2700	2500
Feed and Residual	150	150	250	250	200	200
FSI Consumption	1100	1100	1100	1100	1200	1200
Total Consumption	1250	1250	1350	1350	1400	1400
Ending Stocks	437	437	487	487	387	347
Total Distribution	4187	4187	4937	4937	4487	4247
Yield	4	4	3.75	4.5	4	4

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

Corn	2017/2018		2018/2019		2019/2020	
	Mar 2018		Mar 2019		Mar 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Market Begin Year						
Argentina						
Area Harvested	5200	5200	6000	5950	6100	6200
Beginning Stocks	5273	5273	2378	2415	4583	5620
Production	32000	32000	51000	51000	50000	49800
MY Imports	5	5	5	5	5	5
TY Imports	5	5	5	5	5	5
TY Imp. from U.S.	4	4	0	0	0	0
Total Supply	37278	37278	53383	53420	54588	55425
MY Exports	22500	22463	35000	34000	33500	34000
TY Exports	24200	24200	31000	30000	33500	34000
Feed and Residual	8500	8500	9700	9700	10300	10300
FSI Consumption	3900	3900	4100	4100	4700	4300
Total Consumption	12400	12400	13800	13800	15000	14600
Ending Stocks	2378	2415	4583	5620	6088	6825
Total Distribution	37278	37278	53383	53420	54588	55425
Yield	6.1538	6.1538	8.5	8.5714	8.1967	8.0323

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

Sorghum Market Begin Year	2017/2018		2018/2019		2019/2020	
	Mar 2018		Mar 2019		Mar 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Argentina						
Area Harvested	700	700	630	630	575	575
Beginning Stocks	889	889	687	505	537	355
Production	3000	3000	2500	2500	2500	2300
MY Imports	0	0	0	0	0	0
TY Imports	0	0	0	0	0	0
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	3889	3889	3187	3005	3037	2655
MY Exports	2	184	150	300	100	400
TY Exports	296	296	100	200	100	400
Feed and Residual	2800	2800	2100	1950	2100	1700
FSI Consumption	400	400	400	400	400	400
Total Consumption	3200	3200	2500	2350	2500	2100
Ending Stocks	687	505	537	355	437	155
Total Distribution	3889	3889	3187	3005	3037	2655
Yield	4.2857	4.2857	3.9683	3.9683	4.3478	4

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

Rice, Milled Market Begin Year	2017/2018		2018/2019		2019/2020	
	Apr 2018		Apr 2019		Apr 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Argentina						
Area Harvested	198	198	185	185	180	180
Beginning Stocks	274	274	270	270	138	228
Milled Production	889	889	780	780	780	780
Rough Production	1368	1368	1200	1200	1200	1200
Milling Rate (.9999)	6500	6500	6500	6500	6500	6500
MY Imports	7	7	8	8	8	6
TY Imports	7	7	8	8	8	6
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	1170	1170	1058	1058	926	1014
MY Exports	310	310	330	370	300	375
TY Exports	291	291	340	340	300	375
Consumption and Residual	590	590	590	460	580	470
Ending Stocks	270	270	138	228	46	169
Total Distribution	1170	1170	1058	1058	926	1014
Yield (Rough)	6.9091	6.9091	6.4865	6.4865	6.6667	6.6667

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

Commodities:

Wheat

Barley

Corn

Sorghum

Rice, Milled

