

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Argentina

Oilseeds and Products Update

Production Unchanged but Developing Weather Conditions Could Lead to Losses

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Report Highlights:

2015/2016 oilseeds production is left unchanged compared to Post's estimates from last month. However, excessive rain and heat levels in various areas of the country could lead to damage resulting yield and area losses. Soybean crush is revised up to 44.6 million tons as current conditions make it more economically viable to add value to soybeans than market the grain alone. 2015/2016 sunflower exports are revised up based on a stronger industry outlook. 2014/2015 peanut exports are revised up based on current trade data.

Soybeans

Oilseed, Soybean (Local) Market Begin Year	2013/2014		2014/2015		2015/2016	
	Apr 2014		Apr 2015		Apr 2016	
Argentina	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	19400	19400	19800	19300	20000	20150
Area Harvested	19400	19400	19300	19300	20000	20000
Beginning Stocks	7515	7515	10600	10100	13035	9435
Production	53500	53000	61400	60800	58500	58500
MY Imports	2	2	2	2	2	2
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	61017	60517	72002	70902	71537	67937
MY Exports	7433	7433	11800	11850	11400	11400
MY Exp. to EU	52	50	60	60	60	60
Crush	38497	38497	42150	44600	44500	44500
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	4487	4487	5017	5017	5102	5102
Total Dom. Cons.	42984	42984	47167	49617	49602	49602
Ending Stocks	10600	10100	13035	9435	10535	6935
Total Distribution	61017	60517	72002	70902	71537	67937

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Production

Soybean crop conditions are excellent throughout most of the country. Increased rains over the major production areas have lifted moisture levels and crop conditions, with some areas estimating yields higher than to 4 tons per hectare. However, these same rains along with excessive heat in other regions of Argentina have also lifted the possibility of crop damage and area losses.

Producers and analysts report that if additional rains develop in the next two months (as per historical patterns), there could be noteworthy area losses due to severely damaged crops and/or flooding. Local travel conducted through Buenos Aires province found that areas in north La Pampa, south Santa Fe, north west Buenos Aires, and east Cordoba provinces could soon receive enough rain to result in significant area losses due to flooding. Contacts from this region indicated that over 1.5 million hectares could be at risk.

In Cordoba province, the Grains Exchange of Cordoba forecasts a 7 percent decline in production compared to last season due to lower yields and area losses. Although this season's yields are not near the record levels of last season, yield estimates are above average at 3.2 tons per hectare. This analysis is also reporting an increase of 66 percent in area losses for the province – totaling nearly 391,000 hectares. These losses can be partly attributed to dryer conditions in the northern part of the province and excessive water levels in the southern part. In January, the northern part of Cordoba reported average temperatures ranging between 32° to 38°C compared to last year between 28 to 34°C leading to dryer conditions and water stress. In the southern part of the province, the situation is completely different with excessive rains leading to saturated soils. These conditions are most prevalent in the following departments: Gral. Roca, Juárez Celman, Marcos Juárez, Pte. R. S. Peña, Rio Cuarto y Unión. Nonetheless, local surveys report 46 percent of harvested area as “very good” and 31 percent as “good.”

Although potential area lost is probable, Post will maintain its current 2015/2016 area harvested unchanged at 20 million hectares compared to Post's last forecast. As a result, 2015/2016 production is estimated at 58.5 million tons. Post will monitor the situation closely and report any significant weather developments. Despite these forecasts, weather conditions still have the potential differ greatly from expectations as witnessed earlier in the season.

2014/2015 production is revised down compared to USDA to 60.8 million based on updated area and yield estimates along with insight from local contacts.

Crush

Private estimates along with local news sources indicate that crush has escalated significantly during the months of January and February. They report that many crushing facilities are operating at full capacity in the province of Santa Fe, where the country's most important port, Rosario, is located. Fueling this crush is the economic situation facing the industry after the new government's lowering by 5 percentage points soybean and by-products export taxes. Analysis from the Grains Exchange of Rosario states that the internal market does not have much flexibility to wait for soybean grain prices to escalate, forcing a shift towards greater soybean processing. Moreover, many expect that under the new political and economic environment, this shift towards value-added processing of soybean will amplify. Based on these developments and local estimates, 2014/2015 crush is revised up to 44.6 million tons. This represents a significant increase over official USDA estimates but is widely supported by analysts and private sector contacts.

2015/2016 crush is left unchanged at 44.5 million tons.

Trade

2014/2015 soybean exports are left unchanged compared to Post's previous estimate at 11.85 million tons. Current trade data, expected sales based on the ROE registry and the above mentioned trend towards greater crush support this estimate.

2015/2016 soybean exports are left unchanged at 11.4 million tons.

Stocks

As a result of the revisions to crush, 2014/2015 and 2015/2016 ending stocks are revised down to 9.4 and 6.9 million tons, respectively.

Sunflower

Oilseed, Sunflowerseed	2013/2014	2014/2015	2015/2016
Market Begin Year	Mar 2014	Mar 2015	Mar 2016

Argentina	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	1300	1300	1440	1300	1300	1250
Area Harvested	1300	1300	1440	1240	1300	1200
Beginning Stocks	998	998	675	675	1040	635
Production	2000	2000	3160	2755	2600	2350
MY Imports	1	1	1	1	2	2
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	2999	2999	3836	3431	3642	2987
MY Exports	74	73	68	68	75	85
MY Exp. to EU	18	18	20	20	20	20
Crush	2211	2211	2680	2680	2700	2700
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	39	40	48	48	54	54
Total Dom. Cons.	2250	2251	2728	2728	2754	2754
Ending Stocks	675	675	1040	635	813	148
Total Distribution	2999	2999	3836	3431	3642	2987
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Production

Harvest is underway with almost 30 percent of the crop harvested as of last week. Thus far, harvested areas are reporting yields averaging around 1.98 tons per hectare, above initial expectations for the season. This harvest progress is above that of the same period last year. In late February, harvest began in areas around north La Pampa and west Buenos Aires provinces where excellent yields between 2.4 to 2.7 tons per hectare were recorded. On the other hand, south east of Buenos Aires province is encountering the threat of noteworthy yield losses as a result of leaf diseases – such as *Phomopsis* sp. - occurring during the grain development stage Harvest continues at a slower rate in the south of Cordoba province, Nucleo Norte¹ and Sur², and central east of Entre Rios province. Central Buenos Aires province is approaching the beginning of the harvest window for that region with initial yields averaging around 2.43 tons per hectare. The crop progress and yield estimates reinforce Post's current 2015/2016 production estimate at 2.35 million tons.

2014/2015 production is revised down compared to USDA to 2.76 million based on industry contacts and updated yield and area figures.

Crush

2014/2015 and 2015/2016 crush estimates are left unchanged at 2.68 and 2.7 million tons respectively.

Trade

¹ East of Cordoba, Central-South of Santa Fe, and Southeast of Entre Rios.

² South of Santa Fe, and North of Buenos Aires.

2014/2015 exports are left unchanged at 68,000 tons based on current estimates. 2015/2016 exports are revised up to 85,000 tons based on positive industry outlook, a reflection of the new economic/political environment.

Stocks

As a result of the revisions above, 2014/2015 and 2015/2016 stocks are revised down to 635,000 and 148,000 tons.

Peanuts

Oilseed, Peanut Market Begin Year	2013/2014		2014/2015		2015/2016	
	Apr 2014		Apr 2015		Apr 2016	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Argentina						
Area Planted	380	380	341	345	330	330
Area Harvested	378	378	341	341	329	330
Beginning Stocks	447	447	590	585	650	622
Production	997	997	1188	1188	1070	1000
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	1444	1444	1778	1773	1720	1622
MY Exports	577	579	792	805	750	750
MY Exp. to EU	370	370	465	465	450	485
Crush	210	210	260	270	265	280
Food Use Dom. Cons.	47	50	53	53	55	55
Feed Waste Dom. Cons.	20	20	23	23	25	25
Total Dom. Cons.	277	280	336	346	345	360
Ending Stocks	590	585	650	622	625	512
Total Distribution	1444	1444	1778	1773	1720	1622

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Production

Producers are expecting a very good season as rains and good weather have resulted in optimal conditions. However, like other oilseeds, there are risks that excessive water levels could lead to damages, especially as the crop enters a critical grain development stage and with harvest soon beginning in some areas. The risks of pest damage still persist but are expected to be minimal as producers applied fungicides earlier than usual in anticipation of pest occurrence. Local observers report that due to the economic climate at the beginning of season, larger producers diminished area planted while smaller producers kept the same area.

At present, the peanut crop is good conditions with plant development between R4 (full pod) to R6 (full seed) depending upon the region. In the main production area of Rio Cuarto (located in Cordoba province), plant development is between R5 (beginning seed) to R6 stages with no observable diseases or pests. The region is experiencing rain level well above recent historical averages (2007 – 2016). For the month of January, rainfall was over 160 mm (6.3 inches), while the historical average for that month is around 130 mm (5.1 inches). At the beginning of the season, rain levels were below historical

averages until November. Since then, rainfall has been above average for every month, contributing to optimal soil moisture levels. If these conditions continue, they are expected to boost yields. In Rio Primero (north-center of Cordoba province), the lack of adequate rainfall has resulted in visible water and heat stress. Rainfall throughout the entire area has been below historical averages with January precipitation the lowest in nine years. Rainfall in the latter part of February brought some relief to crop and may have reversed the situation. In the face of these conditions, the crop is in good condition in this area with plant development between R4 to R5 stages. These conditions support Post's production estimate from last month. As such, 2015/2016 production is estimated at 1.0 million tons based on slightly lower yield and area estimates compared to USDA.

Crush

2014/2015 and 2015/2016 are revised up slightly to 270,000 and 280,000 tons, respectively, based on official crush data and industry outlook.

Trade

2014/2015 exports are revised up to 805,000 tons based on Post's estimate from last month. This estimate is supported by current trade data and expected sales based on the ROE registry.

Stocks

Based on the revisions from above, 2014/2015 and 2015/2016 ending stocks are revised down to 622,000 and 512,000 tons, respectively.