

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Argentina

Oilseeds and Products Update

Soybean Imports Continue to Rise Significantly

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Report Highlights:

Post revises 2018/2019 soybean production down slightly to 56 million tons based on lower planting area. 2017/2018 soybean imports are revised up as domestic crush demand raises import needs, a trend expected to drive an upward revision of 2018/19 imports to 4.5 million tons. Sunflower seed production is revised slightly up to 3.8 million tons due to increased planting area in northeast Argentina and Buenos Aires province. Peanut projections are unchanged.

Soybeans:

Oilseed, Soybean (Local) Market Begin Year	2016/2017		2017/2018		2018/2019	
	Apr 2017		Apr 2018		Apr 2019	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Argentina						
Area Planted	19200	19200	18700	18500	18900	18900
Area Harvested	17335	18500	16300	17000	18500	18500
Beginning Stocks	14400	14400	19200	18842	15000	13342
Production	55000	55000	37800	36000	55500	56000
MY Imports	2631	2600	4700	5300	4200	4500
Total Supply	72031	72000	61700	60142	74700	73842
MY Exports	7245	7245	4100	4100	10000	12000
Crush	40942	40930	37800	37600	44000	42000
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	4644	5000	4800	5100	5100	5250
Total Dom. Cons.	45586	45930	42600	42700	49100	47250
Ending Stocks	19200	18842	15000	13342	15600	14592
Total Distribution	72031	72017	61700	60142	74700	73842
(1000 HA) ,(1000 MT) ,(MT/HA)						

2018/2019

Production

As of late November, about 30 percent of Argentine soybean area had been planted. Sowing is advancing in the production regions of south Cordoba, north La Pampa, and west Buenos Aires provinces with local estimates indicating 5.3 million hectares planted, so far.¹ Recent rain delayed sowings in select areas of the country leading to planting progress below the same period last season. Planting pace is expected to accelerate in December and conclude in January. Producers expect a return to normal or average conditions which will support higher yields. Producers continue to struggle with increasing input costs that are delaying input investments, like fertilizers, which may lead to less robust yields. Based on an estimated harvested area of 18.5 million hectares, Post estimates an average yield recovery to 3.03 tons per hectare, resulting in production of 56 million tons.

Producers continue to monitor closely U.S.-China trade relations and their effect on global soybean prices and trade flows. Producers and local soybean industry hope that the situation may deliver them higher premiums. Based on the current imposition of Chinese tariffs on U.S. soybeans, Argentine producers, which are currently benefiting from a divergence in U.S. and Argentina soybean prices, expect to receive an additional USD \$10 billion in soybean export returns, given these ongoing conditions.²

Trade

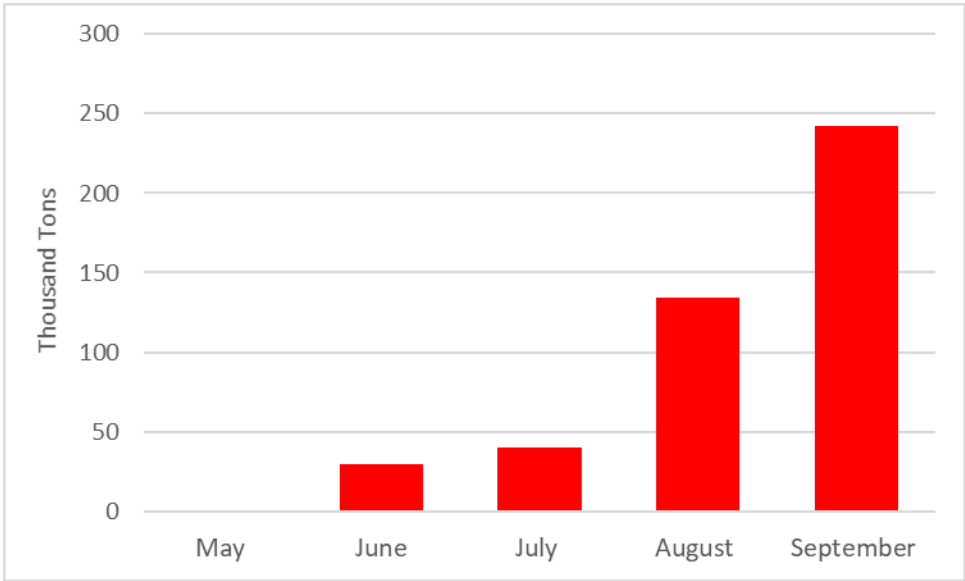
Imports – Following last season's drought, lower domestic soybean supplies necessitated a dramatic increase in soybean imports for the crush industry. Through September, Argentina imported over 3.5 million tons of soybeans, a 135 percent increase from the same period the previous year. Local brokers

¹ <http://www.bolsadecereales.com/pas>

² <https://www.baenegocios.com/economia-finanzas/Argentina-puede-ganar-con-la-mayor-guerra-comercial-del-mundo-20181116-0016.html>

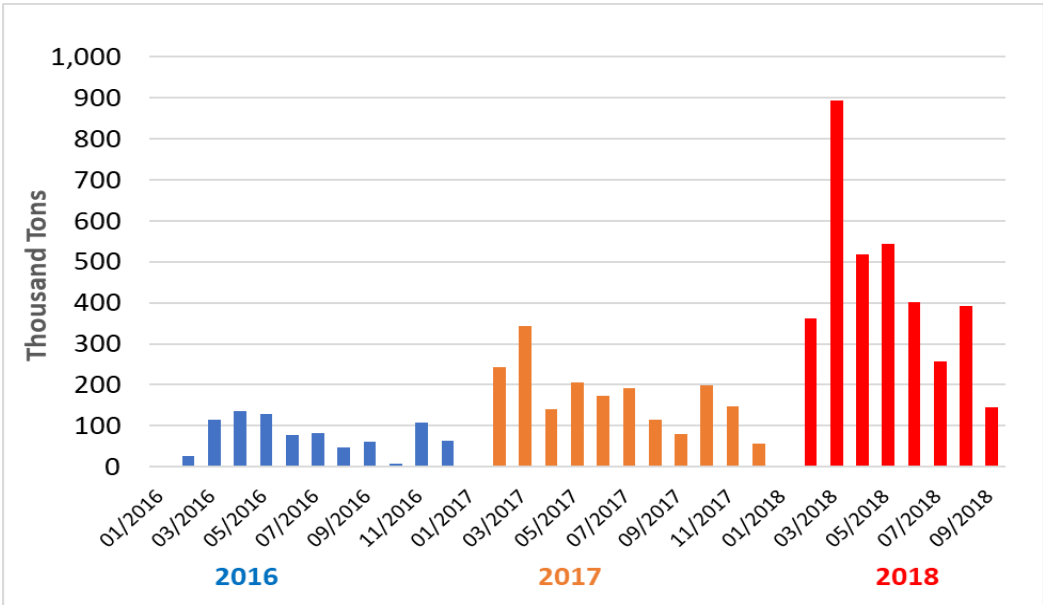
estimate that total soybean imports in MY 2017/18 could reach up to 5.5 million tons. Within this total, U.S. soybean exports to Argentina reached nearly 450,000 tons during this same period, with expectations of greater shipments to come in the next few months. According to USDA export sales data, U.S. soybean exports to Argentina should reach about 1.5 million tons within the next few months. Based on updated import data and sales data, Post revises its 2017/18 and 2018/19 import estimates to 5.3 and 4.5 million tons, respectively, due to the rapid rise in imports.

Graph 1: U.S. Soybean Exports to Argentina (2018)



Source: GTA

Graph 2: Argentine Soybean Imports (2016-2018)



Source: GTA

Exports - Exports continue to show an upward trend. Initially this shift in trade and production flows was the result of Argentina’s drought in early 2018, which forced processors to import higher volumes to maintain crush volumes. Furthermore, the recent elimination of the export tax differential (see GAIN Report - Argentina: Government Reshuffles Cabinet and Introduces New Export Taxes³) between soybean and soybean product (meal and oil), along with the U.S.-China trade tariff situation, is discouraging soybean processing and incentivizing greater exports of whole soybeans. As a result, Argentina is importing soybeans for processing from Paraguay, the United States, Brazil, and Uruguay an effort to reach historic crush levels.

Crush

2017/18 crush is revised down to 37.6 million tons based on updated crush figures and greater competition for supplies from the export sector.

Sunflowerseed:

Oilseed, Sunflowerseed Market Begin Year	2016/2017		2017/2018		2018/2019	
	Mar 2016		Mar 2017		Mar 2018	
Argentina	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	1825	1700	1710	1730	1750	1850
Area Harvested	1819	1630	1678	1677	1700	1850
Beginning Stocks	896	896	1238	1192	1566	1615
Production	3547	3500	3538	3538	3400	3800
MY Imports	0	0	0	0	0	0
Total Supply	4443	4396	4776	4730	4966	5415
MY Exports	75	75	50	50	70	70
Crush	3069	3069	3100	3000	3335	3590
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	61	60	60	65	61	65
Total Dom. Cons.	3130	3129	3160	3065	3396	3655
Ending Stocks	1238	1192	1566	1615	1500	1690
Total Distribution	4443	4396	4776	4730	4966	5415

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

Production

Over 90 percent of sunflowerseed area was planted as of late November with the remaining plantings, primarily in the central and western parts of Buenos Aires province, expected to be completed in early December. Sunflower area in northeast Argentina reached a record 700,000 hectares this season, indicating an ongoing growth in Argentina’s sunflower industry.⁴ Post revises up its area estimate to 1.85 million hectares.

Normal crop conditions in northeast Argentina, especially in the provinces of Chaco, Formosa and

³[https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Government%20Reshuffles%20Cabinet%20and%20Introduces%20New%20Export%20Taxes Buenos%20Aires Argentina 9-11-2018.pdf](https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Government%20Reshuffles%20Cabinet%20and%20Introduces%20New%20Export%20Taxes%20Buenos%20Aires%20Argentina%209-11-2018.pdf)

⁴ <http://www.bolsadecereales.com/pas>

Santiago del Estero, raise expectations for average historical yields for this year's crop. Based on the area rise and an expected average yield of 2.05 tons per hectare, Post revises up production to 3.8 million tons.

Industry sources reflect optimistic perspectives for the sector, expecting a rise in production over the next couple of years. ASAGIR, the Argentine Sunflower Seed Association, recently forecast a continued upward trend in area increase to 2.5 million hectares in the medium term, however falling short of a full recovery to a historic peak of 4 million hectares in 1998/1999.⁵

Crush

2017/2018 crush is revised down to 3 million tons in line with updated data and current crush trends.

Exports

2017/2018 exports are revised down to 50,000 tons based on updated trade data and declining exports to United States, Brazil, and Mexico, based on greater domestic use. 2018/19 exports are revised down to 70,000 tons as local contacts report a greater proportion of sunflower seed supplies directed to crush.

Stocks

Because of lower crush use, ending stocks for 2017/2018 are forecast to rise to 1.65 million tons. For 2018/2019, stocks are revised up to 1.6 million tons, as increased exports and crush will not be enough to diminish to stocks year-over-year.

Peanut:

Oilseed, Peanut Market Begin Year	2016/2017		2017/2018		2018/2019	
	Mar 2017		Mar 2018		Mar 2019	
Argentina	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	325	357	365	360	330	360
Area Harvested	324	324	361	360	330	360
Beginning Stocks	266	266	447	427	200	215
Production	1288	1288	843	843	1070	1300
MY Imports	0	0	0	0	0	0
Total Supply	1554	1554	1290	1270	1270	1515
MY Exports	741	750	740	690	740	780
Crush	293	292	275	275	265	295
Food Use Dom. Cons.	53	58	54	61	54	65
Feed Waste Dom. Cons.	20	27	21	29	21	36
Total Dom. Cons.	366	377	350	365	340	396
Ending Stocks	447	427	200	215	190	339
Total Distribution	1554	1554	1290	1270	1270	1515

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

⁵ <https://www.infobae.com/campo/2018/11/26/nuevas-tecnologias-y-mayor-demanda-las-razones-detras-del-boom-del-girasol/>

Production

According to reports from the Grains Exchange of Cordoba, the peanut crop, primarily concentrated in the southern Cordoba province, is experiencing good growing conditions. Recent rain in November benefited the crop during its V4-V8 vegetative stages.⁶

Consumption

In an effort to increase domestic consumption, the Argentine Chamber of Peanuts and the Secretariat of Agro-Industry, initiated a campaign to promote greater consumption by highlighting peanuts' culinary versatility and nutritional value. Current per capita consumption of peanuts is only 250 grams with the majority of the country's production directed to foreign markets.⁷ According to the Chamber, domestic peanut consumption could quadruple in the next two years assuming if the campaign is successful in influencing higher consumer consumption of peanuts and peanut products.⁸

Crush

Crush is revised down to 690,000 tons based on updated crush data.

⁶ <http://www.bccba.com.ar/dia/info/rally-agricola-bccba--prime-7-departamentos-san-alberto-san-javier-cordoba--provincia-san-luis-8571.html>

⁷ <https://www.cronista.com/pyme/negocios/Mani-un-bien-argentino-que-conquista-el-mundo-20180815-0004.html>

⁸ <https://news.agrofy.com.ar/noticia/177973/mani-argentino-quiere-ser-mas-que-snack>