

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

Required Report - public distribution

Date: 4/30/2009

GAIN Report Number: AR9015

Argentina

LOCK-UP REPORT

GRAIN AND FEED

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Report Highlights:

Post maintains its wheat production forecast for MY2009/10 at 11 million metric tons (MT) with a harvested area of 4 million hectares. Post is increasing wheat production numbers for MY 2006/07 and MY 2007/08 to 16 and 16.8 million MT respectively. Post maintains its MY 2009/10 corn production forecast at 14 million MT on a harvested area of 2 million hectares. Post expects that the area taken from corn will be shifted to soybeans due to higher profitability for soybeans and that crop's resilience with respect to climatic risk. Post lowers its estimate for corn harvested area in MY 2008/09 to 2,150,000 hectares due to losses caused by the drought. MY 2008/09 corn production is expected to fall to 12.9 million MT due to the fall in harvested area.

Post:

Buenos Aires

Commodities:

Wheat

Corn

Author Defined:

Section I. Situation and Outlook

WHEAT

Post maintains its wheat production forecast for MY2009/10 at 11 million metric tons (MT) with a harvested area of 4 million hectares. Post expects that the reduction in planted area to wheat will be more marked in northern Buenos Aires province where wheat-second crop soybeans is no longer the best option compared with first crop soybeans and due to low soil moisture levels. After the long drought in 2008/09, soil moisture was not completely replenished by the scattered rains starting in February 2009. Reportedly, most of the area in the wheat planting regions does not have enough moisture for planting wheat.

Traditionally, wheat followed by second crop soybeans has been more profitable than the either planted individually. In MY 2009/10, wheat has a higher production cost and lower domestic price, which changes the double cropping economic advantage so that wheat-second crop soybeans is no longer the most profitable rotation. Reportedly, farmers will choose soybeans because production costs are lower compared with corn and wheat, and soybean prices have fared better than wheat and corn prices.

Crop Economics MY2009/10				
Crop	Yield (MT/ha)	Income (US\$)	Production cost (US\$)	Margin (US\$)
Wheat	30	420	220	200
Corn	8	800	380	420
Soybeans first crop	3.5	875	160	715
Soybeans second crop	2.3	575	120	455
Wheat + Soybeans second crop				655

Source: FAS private sector contacts

The National Office of Agricultural Trade Control (ONCCA) maintains an export license system for wheat and corn in order to ensure the supply for the local industry and during the last year stopped granting export licenses on several occasions. Uncertainty about the availability of export licenses has resulted in lower wheat and corn prices compared to international prices.

Post is increasing wheat production numbers for MY 2006/07 and MY 2007/08 to 16 and 16.8 million MT respectively. These changes will be reflected in larger ending stocks for MY 2007/08 which will be transferred to the MY 2008/09 initial stocks giving a total supply of 10 million MT for that year.

Wheat exports in MY 2009/10 are forecast at 6 million MT. Wheat exports in MY 2008/09 are expected to reach 4.5 million MT. Domestic consumption is forecast at 5.1 million MT for MY 2009/10 and 5.08 million MT for MY 2008/09.

CORN

Post maintains its MY 2009/10 corn production forecast at 14 million MT on a harvested area of 2 million hectares. Post expects that the area taken from corn will be shifted to soybeans due to higher profitability for soybeans and that crop's resilience with respect to climatic risk.

Post lowers its estimate for corn harvested area in MY 2008/09 to 2,150,000 hectares due to losses caused by the drought. MY 2008/09 corn production is expected to fall to 12.9 million MT due to the fall in harvested area. Post forecasts MY 2009/10 corn exports at 8 million MT while MY 2008/09 exports are estimated at 7 million MT. Domestic consumption of corn is expected to drop in MY 2009/10 to 5.9 million MT due to less feed consumption. For MY 2008/09 domestic consumption is estimated a 6.7 MT.

Section II. Statistical Tables

Wheat Argentina	2007			2008			2009		
	2007/2008			2008/2009			2009/2010		
	Market Year Begin: Dec 2007			Market Year Begin: Dec 2008			Market Year Begin: Dec 2009		
	Annual Data Displayed		New Post	Annual Data Displayed		New Post	Annual Data Displayed		Apr
			Data			Data			Data
Area Harvested	5,756	5,756	5,756	4,200	4,200	4,200		4,000	4,000
Beginning Stocks	1,105	305	1,105	1,602	302	1,602		147	447
Production	16,800	16,300	16,800	8,400	8,400	8,400		11,000	11,000
MY Imports	4	4	4	25	25	25		33	33
TY Imports	4	4	4	25	25	25		33	33
TY Imp. from U.S.	0	0	0	0	0	0		0	0
Total Supply	17,909	16,609	17,909	10,027	8,727	10,027		11,180	11,480
MY Exports	11,177	11,177	11,177	4,500	3,500	4,500		6,000	6,000
TY Exports	10,224	10,224	10,224	7,500	5,800	7,500		6,000	6,000
Feed Consumption	80	80	80	80	80	80		80	80
FSI Consumption	5,050	5,050	5,050	5,000	5,000	5,000		5,100	5,100
Total Consumption	5,130	5,130	5,130	5,080	5,080	5,080		5,180	5,180

Ending Stocks	1,602	302	1,602	447	147	447	0	300
Total Distribution	17,909	16,609	17,909	10,027	8,727	10,027	11,180	11,480
Yield	3.	3.	2.9187	2.	2.	2.	2.75	2.75

Corn Argentina	2007			2008			2009	
	2007/2008			2008/2009			2009/2010	
	Market Year Begin: Mar 2008			Market Year Begin: Mar 2009			Market Year Begin: Mar 2010	
	Annual Data Displayed		New Post	Annual Data Displayed		New Post	Annual Data Displayed	Abr
			Data			Data		Data
Area Harvested	3,413	3,413	3,413	2,250	2,250	2,150	2,000	2,000
Beginning Stocks	1,657	1,657	1,657	1,707	1,707	1,707	507	907
Production	22,000	22,000	22,000	13,500	13,500	12,900	14,000	14,000
MY Imports	50	50	50	0	0	0	0	0
TY Imports	51	51	51	0	0	0	0	0
TY Imp. from U.S.	2	2	2	0	0	0	0	0
Total Supply	23,707	23,707	23,707	15,207	15,207	14,607	14,507	14,907
MY Exports	15,000	15,000	15,000	7,000	8,000	7,000	8,000	8,000
TY Exports	15,644	15,644	15,644	7,000	8,000	7,000	8,000	8,000
Feed Consumption	5,100	5,100	5,100	4,800	4,800	4,800	4,000	4,000
FSI Consumption	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900
Total Consumption	7,000	7,000	7,000	6,700	6,700	6,700	5,900	5,900
Ending Stocks	1,707	1,707	1,707	1,507	507	907	607	1007
Total Distribution	23,707	23,707	23,707	15,207	15,207	14,607	14,507	14,907
Yield	6	6	6.4459	6	6	6	7	7