USDA Foreign Agricultural Service
GAIN Report
Global Agricultural Information Network

Required Report - public distribution

Date: 10/30/2014

GAIN Report Number:

Argentina

Grain and Feed Update

October 2014

Approved By:
Melinda Sallyards
Prepared By:
Ken Joseph

Report Highlights:
Wheat production for 2014-15 is forecast at 12.5 million tons, 500,000 tons higher than USDA. The harvest has begun in the north of the country and yields throughout the country are expected to be higher than previously estimated. Post projects 2014-15 exports at 6.5 million tons. Barley production in 2014-15 is reduced at 3.1 million tons, 300,000 tons lower than USDA. This is expected to affect exports which are now forecast at 1.8 million tons, 200,000 tons lower than USDA. Corn production for 2014-15 is down at 22 million tons, 1 million lower than USDA. Projected returns in many cases are negative. Exports are now forecast at 13 million tons, 1 million lower than USDA. Sorghum is also negatively affected by negative returns in most cases. Production is now forecast at 3.7 million tons, 500,000 tons lower than USDA. No significant changes are reported for rice.

Post:
Buenos Aires

Author Defined:

Wheat: Post continues to expect 12.5 million tons of wheat production in crop 2014-15, 500,000 tons higher than USDA's number. This difference is primarily a result of Post estimating 4.2 million hectares, 100,000 hectares more than USDA. The condition of wheat plantations in the center and north of the country (approximately 50 percent of the total area) is in general very good, with expectations of higher than normal yields due to good weather. In the southwest Buenos Aires province, the largest growing area, conditions have also been very favorable, with expected good production, despite late heavy rains which are not expected to cause plantations serious damage. The southeast of the province, the second most important growing area, has suffered heavy rains during most of its cycle. Some plantations were lost primarily in the east of the province. The last month was quite favorable as rains diminished and plantations and roads dried up, allowing producers to protect and spray plantations. Despite late heavy rains this week, production in this area is not expected to be negatively affected. There are several local sources which indicate production could be lower than Post's estimate, but crop conditions so far are better than expected.

Post continues to project 2014-15 wheat exports at 6.5 million tons, 500,000 tons more than USDA. This is a result of the above production difference. Exports in crop 2013-14 are expected to total 2.2 million tons. Wheat shipments continue to be closely controlled by the government. Until October 22, the government had only permitted 1.5 million tons of wheat exports and some 300,000 tons of wheat flour. In October 23 the Government opened an additional 400,000 tons of wheat from crop 2013-14 and some 100,000 tons of wheat flour. Traders believe that half of the recently new export permits could be shipped before November 30, when the current crop season ends. There are strong rumors that the government will soon announce the first export tranche for crop 2014-15 of 2 million tons. If this is so, traders speculate that almost all will be shipped to neighboring Brazil, fulfilling its import needs through March 2015. Wheat harvest has already started in the north of the country.

Barley: Post estimates production for 2014-15 at 3.1 million tons, 300,000 tons lower than USDA. Contacts indicate that yields are near average as the province of Buenos Aires, the main production area with over 80 percent of the total, was affected by abundant rain in most of its cycle. There are some contacts that even project a lower volume.

Due to a shorter output than USDA's, Post sets barley exports for 2014-15 at 1.8 million tons, 200,000 tons lower than the official number, and the lowest volume since 2010-11. With this, ending stocks are expected at 383,000 tons, somewhat lower than USDA.

Corn: Post reduces its production estimate for crop 2014-15 to 22 million tons, 1 million ton lower than USDA. This is a result of Post estimating 3 million hectares harvested, 250,000 hectares fewer than USDA. Current low future prices, high production costs, high export taxes, extremely high freight costs, and limited local commercialization, result in negative returns in most cases, except for farmers producing on their own land, in good rich soils, and close to ports. Several contacts indicate that if current projected returns do not improve by mid/end of December, the area could even drop further. Producers will make planting decisions at the last minute. Some area could shift to soybeans and in a few cases, where returns are very negative and risky, could shift to cattle production or remain unproductive.

Projected lower production for 2014-15 is expected to negatively affect the export surplus, which Post sets at 13 million tons, 1 million tons lower than USDA. Ending stocks are set at almost 2 million tons, 700,000 tons lower than USDA's. This is primarily due to a lower carry in from 2013-14.

Post continues to estimate Argentine corn production for 2013-14 at 26 million tons, 1 million tons higher than USDA. Harvested area is also 100,000 hectares higher than the official number. Late planted corn yields were very high and consistent throughout most of the country. There is a lot of discussion among local contacts on corn's real area, production and consumption.

Post forecasts 2013-14 exports at 16.5 million tons, 1.5 million tons higher than USDA. This is a result of higher production and expected lower ending stocks than those reported by USDA. Traders, to date, have purchased more than 17 million tons of corn from crop 2013-14 and shipped over 12 million tons. The government has so far released export permits by 16.5 million. Local traders are confident that they will be able to ship the balance before March 2015, when the 2013-14 crop season ends. Feed domestic consumption is marginally increased by 200,000 tons as the conversion between corn and meat is extremely profitable thanks to low feed grain prices.

Sorghum: Harvested area for 2014-15 is reduced to 850,000 hectares, 110,000 hectares lower than USDA. Low feed grain prices, high production costs, bird attacks, difficulties to commercialize last year's sorghum and competition with late planted corn, are expected to negatively affect the expansion of this crop. Therefore, 2014-15 sorghum production is projected at 3.7 million tons, 500,000 tons lower than USDA. As exports and local consumption remain unchanged, ending stocks are adjusted down in the same proportion as the drop in production.

Rice: Post and USDA have insignificant differences in harvested area and production. Although returns will be tight, there has so far been relatively good weather for rice, with most water reservoirs full.

Production, Supply and Distribution Tables

Wheat Argentina	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Dec 2012		Market Year Begin: Dec 2013		Market Year Begin: Dec 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	3,600	3,600	3,500	3,500	4,100	4,200
Beginning Stocks	734	734	286	286	2,541	2,541
Production	9,300	9,300	10,500	10,500	12,000	12,500
MY Imports	2	2	5	5	5	5
TY Imports	4	4	2	2	5	5
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	10,036	10,036	10,791	10,791	14,546	15,046
MY Exports	3,550	3,550	2,200	2,200	6,000	6,500
TY Exports	7,450	7,450	1,601	1,601	6,000	6,500
Feed and Residual	300	300	100	100	100	100
FSI Consumption	5,900	5,900	5,950	5,950	6,050	6,050

Total Consumption	6,200	6,200	6,050	6,050	6,150	6,150
Ending Stocks	286	286	2,541	2,541	2,396	2,396
Total Distribution	10,036	10,036	10,791	10,791	14,546	15,046
1000 HA, 1000 MT, MT/HA						

Barley Argentina	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Dec 2012		Market Year Begin: Dec 2013		Market Year Begin: Dec 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1,500	1,500	1,270	1,270	900	900
Beginning Stocks	214	214	333	333	683	683
Production	5,000	5,000	4,750	4,750	3,400	3,100
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	5,214	5,214	5,083	5,083	4,083	3,783
MY Exports	3,581	3,581	2,800	2,800	2,000	1,800
TY Exports	3,647	3,647	2,800	2,800	2,000	1,800
Feed and Residual	100	100	300	300	200	200
FSI Consumption	1,200	1,200	1,300	1,300	1,400	1,400
Total Consumption	1,300	1,300	1,600	1,600	1,600	1,600
Ending Stocks	333	333	683	683	483	383
Total Distribution	5,214	5,214	5,083	5,083	4,083	3,783
1000 HA, 1000 MT, MT/HA						

Corn Argentina	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Mar 2013		Market Year Begin: Mar 2014		Market Year Begin: Mar 2015	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	4,000	4,000	3,400	3,500	3,250	3,000
Beginning Stocks	899	899	1,315	1,315	2,825	2,125
Production	27,000	27,000	25,000	26,000	23,000	22,000
MY Imports	3	3	10	10	10	10
TY Imports	4	4	10	10	10	10
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	27,902	27,902	26,325	27,325	25,835	24,135
MY Exports	18,687	18,687	15,000	16,500	14,000	13,000
TY Exports	22,789	22,789	12,500	13,000	13,500	12,500
Feed and Residual	5,300	5,300	5,600	5,800	6,100	6,100
FSI Consumption	2,600	2,600	2,900	2,900	3,100	3,100
Total Consumption	7,900	7,900	8,500	8,700	9,200	9,200
Ending Stocks	1,315	1,315	2,825	2,125	2,635	1,935
Total Distribution	27,902	27,902	26,325	27,325	25,835	24,135
1000 HA, 1000 MT, MT/HA						

Sorghum Argentina	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Mar 2013		Market Year Begin: Mar 2014		Market Year Begin: Mar 2015	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1,050	1,050	1,000	1,000	960	850
Beginning Stocks	167	167	784	784	1,084	1,084
Production	4,700	4,700	4,200	4,200	4,200	3,700
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	4,867	4,867	4,984	4,984	5,284	4,784
MY Exports	1,783	1,783	1,200	1,200	1,200	1,200
TY Exports	3,059	3,059	1,000	1,000	1,300	1,300
Feed and Residual	2,000	2,000	2,300	2,300	2,500	2,500
FSI Consumption	300	300	400	400	300	300
Total Consumption	2,300	2,300	2,700	2,700	2,800	2,800
Ending Stocks	784	784	1,084	1,084	1,284	784
Total Distribution	4,867	4,867	4,984	4,984	5,284	4,784
1000 HA, 1000 MT, MT/HA						

Rice, Milled Argentina	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Apr 2013		Market Year Begin: Apr 2014		Market Year Begin: Apr 2015	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	233	233	241	232	240	236
Beginning Stocks	175	175	227	227	224	147
Milled Production	1,014	1,014	1,027	950	1,014	975
Rough Production	1,560	1,560	1,580	1,462	1,560	1,500
Milling Rate (.9999)	6,500	6,500	6,500	6,500	6,500	6,500
MY Imports	1	1	5	5	5	5
TY Imports	7	7	5	5	5	5
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	1,190	1,190	1,259	1,182	1,243	1,127
MY Exports	533	533	600	600	600	580
TY Exports	526	526	600	600	600	580
Consumption and Residual	430	430	435	435	440	440
Ending Stocks	227	227	224	147	203	107
Total Distribution	1,190	1,190	1,259	1,182	1,243	1,127
1000 HA, 1000 MT, MT/HA						