

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT POLICY

Required Report - public distribution

**Date:** 2/2/2010

**GAIN Report Number:**

## Argentina

### Grain and Feed Update

#### February

**Approved By:**

David Mergen

**Prepared By:**

Francisco Pirovano

**Report Highlights:**

Post maintains its MY 2009/10 wheat production forecast at 9 million metric tons (MT). Wheat exports in MY 2009/10 are expected to reach 4 million MT while domestic consumption will remain at similar levels as in the previous season. Corn production is forecast at 17.2 million MT. Corn exports are expected to reach 9.5 million MT while domestic consumption is forecast at 7.1 million MT. The government announced a new support program for wheat farmers in January 2010. The agreement includes the issuance of new export licenses, credits for farmers and the milling industry.

**Post:**

**Commodities:**

Buenos Aires

Wheat

Corn

**Author Defined:**

**Section I. Production and Outlook**

**Wheat**

Post maintains its previous wheat production estimate for MY 2009/10 at 9 million metric tons (MT) on a planted area of 3 million hectares (ha). While some traditional wheat production areas such as southwestern Buenos Aires province did not have high yields due to dry conditions, northern Buenos Aires, southeastern Buenos Aires and Entre Rios province had higher than expected yields. Despite the lack of soil moisture at planting throughout most of the country, abundant end-of-season rains helped generate those larger yields. With a harvested area of 310,000 hectares in Entre Rios province (20 % more than in the previous season) and a total production of 1.14 million MT, the average yield is 3.6 MT per ha in that province. In southeastern Buenos Aires province, the lack of moisture was not a general problem. In that area, 2 million hectares were harvested with a mean yield of 3 MT per hectare. Despite poor performance in some important wheat producing provinces such as Cordoba and Santa Fe, Post estimates an average national yield at 3 MT/ha.

Government policies will continue to play a major role in MY 2009/10 wheat exports. In January 2010, the government signed a new wheat agreement with the four farmers' organizations. The government will grant licenses for nearly one million MT to the export sector and give credits at preferential interest rate to the milling industry and wheat farmers. As such, the milling industry will be able to buy larger quantities and the farmers will be able to hold stocks while awaiting better prices.

MY 2009/10 wheat exports are forecast at 4 million tons while imports will continue to be insignificant despite some rumors in the industry that Argentina will need to import wheat at international prices. Post increases wheat exports for MY 2008/09 to reach 6.686 million MT. Domestic consumption is forecast at 4.98 million MT for MY 2009/10 and MY 2008/09.

## Corn

Post increases its MY 2009/10 corn production forecast to 17.2 million MT on a harvested area of 2.15 million hectares. Post expects yields to increase to 8 MT per hectare as a result of improved soil moisture conditions in the main corn planting area.

Post increases MY 2009/10 corn exports to 9.5 million MT while MY 2008/09 exports are also estimated to increase to 8.8 million MT. Domestic consumption of corn is expected to increase in MY 2009/10 to 7.1 million MT, mainly due to additional supplemental feeding as a result of better beef prices. MY 2008/09 domestic consumption is estimated to decline to 6.1 million MT due to more corn going to exports.

## Section II. Statistical Tables

| Wheat<br>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 |          |           |
|                    | USDA<br>Official            | Old Post | New Post | USDA<br>Official            | Old Post | New Post | USDA<br>Official            | Old Post | Feb. 2010 |
| Area Harvested     | 6,000                       | 6,000    | 6,000    | 4,550                       | 4,550    | 4,550    | 2,850                       | 3,000    | 3,000     |
| Beginning Stocks   | 1,367                       | 1,367    | 1,367    | 3,067                       | 3,067    | 3,067    | 426                         | 426      | 426       |
| Production         | 18,000                      | 18,000   | 18,000   | 9,000                       | 9,000    | 9,000    | 8,000                       | 9,000    | 9,000     |
| MY Imports         | 23                          | 23       | 23       | 25                          | 25       | 25       | 5                           | 5        | 5         |
| TY Imports         | 4                           | 4        | 4        | 46                          | 46       | 46       | 5                           | 5        | 5         |
| TY Imp. from U.S.  | 0                           | 0        | 0        | 0                           | 0        | 0        | 0                           | 0        | 0         |
| Total Supply       | 19,390                      | 19,390   | 19,390   | 12,092                      | 12,092   | 12,092   | 8,431                       | 9,431    | 9,431     |
| MY Exports         | 11,193                      | 11,193   | 11,193   | 6,686                       | 6,686    | 6,686    | 2,500                       | 3,700    | 4,000     |
| TY Exports         | 10,228                      | 10,228   | 10,228   | 8,598                       | 8,598    | 8,598    | 3,000                       | 5,000    | 5,000     |
| Feed and Residual  | 80                          | 80       | 80       | 80                          | 80       | 80       | 80                          | 80       | 80        |
| FSI Consumption    | 5,050                       | 5,050    | 5,050    | 4,900                       | 4,900    | 4,900    | 4,900                       | 5,000    | 4,900     |
| Total Consumption  | 5,130                       | 5,130    | 5,130    | 4,980                       | 4,980    | 4,980    | 4,980                       | 5,080    | 4,980     |
| Ending Stocks      | 3,067                       | 3,067    | 3,067    | 426                         | 426      | 426      | 951                         | 651      | 451       |
| Total Distribution | 19,390                      | 19,390   | 19,390   | 12,092                      | 12,092   | 12,092   | 8,431                       | 9,431    | 9,431     |
| Yield              | 3.                          | 3.       | 3.       | 2.                          | 2.       | 1.978    | 3.                          | 3.       | 3.        |

| Corn<br>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 |          |           |
|                   | USDA<br>Official            | Old Post | New Post | USDA<br>Official            | Old Post | New Post | USDA<br>Official            | Old Post | Feb. 2010 |
| Area Harvested    | 3,410                       | 3,410    | 3,410    | 2,250                       | 2,250    | 2,250    | 2,000                       | 2,000    | 2,150     |
| Beginning Stocks  | 1,660                       | 1,660    | 1,660    | 1,985                       | 1,985    | 1,985    | 410                         | 1,410    | 210       |

|                    |        |        |        |        |        |        |        |        |        |
|--------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Production         | 22,000 | 22,000 | 22,000 | 12,600 | 13,000 | 13,000 | 15,000 | 15,000 | 17,200 |
| MY Imports         | 123    | 123    | 123    | 125    | 125    | 125    | 25     | 25     | 25     |
| TY Imports         | 51     | 51     | 51     | 100    | 100    | 100    | 25     | 25     | 25     |
| TY Imp. from U.S.  | 2      | 2      | 2      | 1      | 0      | 0      | 0      | 0      | 0      |
| Total Supply       | 23,783 | 23,783 | 23,783 | 14,710 | 15,110 | 15,110 | 15,435 | 16,435 | 17,435 |
| MY Exports         | 14,798 | 14,798 | 14,798 | 8,500  | 7,000  | 8,800  | 8,000  | 9,000  | 9,500  |
| TY Exports         | 15,676 | 15,676 | 15,676 | 8,458  | 7,000  | 8,460  | 7,500  | 8,000  | 8,000  |
| Feed and Residual  | 5,100  | 5,100  | 5,100  | 3,900  | 4,800  | 4,200  | 4,000  | 4,300  | 5,200  |
| FSI Consumption    | 1,900  | 1,900  | 1,900  | 1,900  | 1,900  | 1,900  | 1,900  | 1,900  | 1,900  |
| Total Consumption  | 7,000  | 7,000  | 7,000  | 5,800  | 6,700  | 6,100  | 5,900  | 6,200  | 7,100  |
| Ending Stocks      | 1,985  | 1,985  | 1,985  | 410    | 1,410  | 210    | 1,535  | 1,235  | 835    |
| Total Distribution | 23,783 | 23,783 | 23,783 | 14,710 | 15,110 | 15,110 | 15,435 | 16,435 | 17,435 |
| Yield              | 6.     | 6.     | 6.4516 | 6.     | 6.     | 5.7778 | 8.     | 8.     | 8.     |

