USDA Foreign Agricultural Service
GAIN Report
Global Agricultural Information Network

Required Report - public distribution

Date: 3/1/2011
GAIN Report Number:

Argentina

Livestock and Products Semi-annual

2011

Approved By:
Brooke Markley

Prepared By:
Ken Joseph

Report Highlights:

Argentine beef exports for 2011 are now estimated at 270,000 tons, 30,000 tons lower than the official USDA estimate. The main reasons for the drop are high local cattle and beef prices, significantly limited beef production, and the government's limitations on exports, prioritizing the supply to the domestic market.

Commodities:

Beef and Cattle

Production:

Argentine beef production for 2011 is now projected at 2.5 million tons, carcass weight equivalent (cwe), slightly lower than the official USDA estimate. The main reasons behind this drop are: 1) an expected shorter slaughter, now at 11.0 million head, reflecting official data of the last few months of 2010 and January 2011. High feeder cattle prices are encouraging breeders to rebuild depleted herds and to add more weight to each animal, thus selling fewer cattle, but heavier; 2) cattle finishers are taking more advantage of the good conditions of the pastures, gaining kilos at lower cost. As a result of fewer feeder cattle available, finishers also prefer to add additional weight to their cattle; 3) feedlots are going through a difficult situation due to the unusually wide negative price differential between fed cattle prices and feeder cattle prices. Feed prices have lately increased further and the government is no longer providing subsidies. Many feedlots are owed large sums of money from the government's subsidy program implemented in early 2007 and later suspended in April 2010. Contacts estimate that the number of cattle in feedlots in 2011 will drop significantly. Private estimates indicate that in January 2011 the unused capacity was close to 50 percent.

Consumption:

Consumption is expected to drop marginally from our previous forecast as smaller beef output will not be fully offset by a small decline in exports.

Trade:

Post's new 2011 export projection is 270,000 tons, cwe, 10 percent lower than the USDA official forecast. This is the lowest level since 2001 when Argentina suffered a major foot and mouth disease outbreak. Local contacts are providing a wide range of estimations, which range from 250-300,000 tons, cwe. Exports are expected to drop because beef production will be smaller, local cattle prices are very high in dollar terms (the highest in at least the past 20 years), the government continues to limit exports giving priority to the domestic market, and strong domestic beef prices which in many cases compete directly with export prices. The main export markets are expected to be Europe (with fresh premium cuts), Israel (with Kosher fore quarter cuts), and the Russian Federation and Chile with significantly smaller volumes than normal.

In February 2011, the OIE recognized the area of high vigilance in the northern border with Bolivia, Paraguay and Brazil as free of foot and mouth disease with vaccination.

Statistical Tables

Animal Numbers, Cattle Argentina	2009		2010		2011	
In 1,000 head	Market Year Begin: Jan 2009		Market Year Begin: Jan 2010		Market Year Begin: Jan 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Total Cattle Beg. Stks	54,260	54,260	49,057	49,057	48,656	48,456
Dairy Cows Beg. Stocks	2,100	2,100	2,100	2,100	2,100	2,100
Beef Cows Beg. Stocks	18,900	18,900	17,900	18,100	18,400	18,400
Production (Calf Crop)	12,000	12,000	12,200	11,800	13,200	13,000
Intra-EU Imports	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0
Total Imports	0	0	0	0	0	0
Total Supply	66,260	66,260	61,257	60,857	61,856	61,456
Intra EU Exports	0	0	0	0	0	0
Other Exports	3	3	1	1	1	1
Total Exports	3	3	1	1	1	1
Cow Slaughter	5,800	5,600	3,850	3,250	3,750	3,000
Calf Slaughter	3,000	2,900	2,500	2,700	2,300	2,600
Other Slaughter	7,300	7,600	5,650	5,850	5,550	5,400
Total Slaughter	16,100	16,100	12,000	11,800	11,600	11,000
Loss	1,100	1,100	600	600	600	600
Ending Inventories	49,057	49,057	48,656	48,456	49,655	49,855
Total Distribution	66,260	66,260	61,257	60,857	61,856	61,456

Meat, Beef and Veal Argentina	2009		2010		2011	
In 1,000 head In 1,000 MT CWE	Market Year Begin: Jan 2009		Market Year Begin: Jan 2010		Market Year Begin: Jan 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Slaughter (Reference)	16,100	16,100	12,000	11,800	11,600	11,000
Beginning Stocks	0	0	0	0	0	0
Production	3,375	3,380	2,600	2,600	2,550	2,500
Intra-EU Imports	0	0	0	0	0	0
Other Imports	2	2	3	3	5	3
Total Imports	2	2	3	3	5	3
Total Supply	3,377	3,382	2,603	2,603	2,555	2,503
Intra EU Exports	0	0	0	0	0	0
Other Exports	655	655	300	298	300	270
Total Exports	655	655	300	298	300	270
Human Dom. Consumption	2,722	2,727	2,303	2,305	2,255	2,233
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	2,722	2,727	2,303	2,305	2,255	2,233
Ending Stocks	0	0	0	0	0	0
Total Distribution	3,377	3,382	2,603	2,603	2,555	2,503