

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Argentina

### Oilseeds and Products Update

#### Lock-up Report December

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**Report Highlights:**

It is drier than normal in Argentina and the below average soil humidity and rainfall are slightly hindering planting. However, the percentage of crop planted for soy, sunflower, and peanuts is higher than it was at the same time last year. The dry weather is not reported to be a major problem thus far due to generally adequate soil moisture, although it is something to be watched over the coming months. Notable changes in the report include an upward adjustment for domestic industrial use of soybean oil for the current and next marketing year due to increased production and use of biodiesel as well as an increase in soybean meal exports for the current marketing year of 1.6 million tons.

**Post:**

Buenos Aires

**Commodities:**

Oilseed, Soybean (Local)

Meal, Soybean (Local)

Oil, Soybean (Local)

Oilseed, Sunflowerseed

Meal, Sunflowerseed

Oil, Sunflowerseed

Oilseed, Peanut

Meal, Peanut

Oil, Peanut

**Executive Summary:**

It is planting season for the 2010/2011 oilseeds crop (soybeans, sunflowers and peanuts). The percentage of crop planted for all three oilseeds is higher than it was at the same time last year even though it is drier than normal in Argentina and the below average soil humidity and rainfall are slightly hindering planting especially for peanuts, where conditions are driest in the main peanut producing province of Córdoba. Although the dry weather is not reported to be a major problem thus far due to generally adequate soil moisture, it is something to be watched over the coming months. Notable changes in the report include an upward adjustment for domestic industrial use of soybean oil for both local marketing years 2009/10 (up 125,000 tons) and 2010/11 (up 650,000 tons) in order to meet anticipated domestic requirements in for biodiesel production and use.

Additionally, soybean meal exports for 2009/2010 are increased by 1.6 million tons to 30 million.

**Author Defined:****Production:**

Overall, it is drier than normal in Argentina and the below average soil humidity and rainfall are slightly hindering planting for soy, sunflowers and especially peanuts, where conditions are driest in the main peanut producing province of Córdoba. The weather pattern La Niña is expected to bring dry conditions through the rest of November, December, and January. Still, the percentage of crop planted for all three oilseeds is higher than it was at the same time last year. The Ministry of Agriculture's report on soil humidity and crop conditions indicates that despite the dry weather, at this time, crop conditions are normal or good for all three oilseeds. Although the dry weather is not thus far a major problem due to generally adequate soil moisture, it is something to be watched over the coming months.

### Soybeans

Planting is still progressing in the Buenos Aires and Entre Ríos provinces, but lack of rains and soil humidity has stalled progress in the provinces of Córdoba and Santa Fe (see chart on provincial planting progress below). The Rosario Grain Exchange estimates the local marketing year (LMY) 2010/11 soybean production at 49.5 MMT based on the dry conditions and a higher portion of acreage planted with lower yielding second crop soybeans compared to last year. At this time, however, Post is not suggesting lowering the current official USDA estimate of 52 MMT since planting is only about halfway done and the dry weather has just begun. It is too early to accurately estimate the effects it will have on yields and output.

Planting Progress, November 25, 2010						
Soybeans						
Province	Local Marketing Year				Area Planted From:	
	09/10	10/11	09/10	10/11	11/18/10	11/25/10
	Percentage		Hectares		Percentage	
Buenos Aires	55	64	3,106,154	3,825,470	51	64
Córdoba	37	56	1,920,065	2,830,700	46	56
Entre Ríos	52	67	767,295	1,003,750	60	67
La Pampa	20	58	80,056	248,310	40	58
Santa Fe	69	50	2,125,221	1,560,620	42	50
Other	1	6	21,824	149,670	6	6
<b>Total</b>	<b>44%</b>	<b>52%</b>	<b>8,020,615</b>	<b>9,618,520</b>	<b>42%</b>	<b>52%</b>

Source: MAGyP, Weekly Report, 11/25/2010

### Sunflowers

Post maintains USDA official numbers for the 2010/11 area planted for sunflowers at 1.65 million hectares. As of November 25th, 90% of the area has been planted according to the Ministry of Agriculture. Below is a chart indicating planting progress of sunflowers:

Planting Progress, November 25, 2010						
Sunflower						
Province	Local Marketing Year				Area Planted From:	
	09/10	10/11	09/10	10/11	11/18/10	11/25/10
	Percentage		Hectares		Percentage	
Buenos Aires	86	90	753,281	784,610	81	90
Córdoba	58	99	28,060	41,730	86	99
Entre Ríos	100	100	12,300	12,500	100	100
La Pampa	24	78	80,341	249,210	77	78
Santa Fe	100	100	179,375	173,350	100	100
Other	53	97	50,520	212,190	96	97
<b>Total</b>	<b>72%</b>	<b>90%</b>	<b>1,103,877</b>	<b>1,473,890</b>	<b>84%</b>	<b>90%</b>

Source: MAGyP, Weekly Report, 11/25/2010

Back years are adjusted according to published Ministry of Agriculture data. For 2009/10, area planted is 1.543 million hectares and area harvested is 1.489 million hectares, leaving production at 2.22 MMT, just below the current USDA estimate of 2.3 MMT. In 2008/09, area planted is adjusted upward to 1.967 million hectares, area harvested to 1.82 mil ha and production is increased slightly to 2.483 MMT.

#### *Peanuts*

Post is proposing no changes in PSD and maintains the USDA official numbers for the 2010/11 area planted for peanuts to 225,000 hectares with an estimated production of 650,000 tons. Planting has been delayed due to the lack of rain and more than one half of the area has been planted. As of November 25, 2010, the area planted reached 161,255 hectares according to the Ministry of Agriculture, out of an expected 257,358 hectares total area.

#### **Consumption:**

##### *Soybeans and Products:*

A growing biodiesel industry and domestic policy will drive demand for soybean oil use in biodiesel production for years to come. A requirement was put into place in the beginning of this year (CY 2010), mandating a 5 percent ratio of biodiesel mixed with diesel. In August, the mandate increased to 7 percent, and it is expected to increase to 10 percent in early 2011 (see GAIN Biofuels Annual 7/6/2010).

To meet the needs of the domestic biodiesel industry, Post raises the USDA official estimate of soybean crush to 39 MMT for both LMY's 2009/10 and 2010/11. Likewise, production of soybean meal is adjusted upward to 30.25 MMT and soybean oil is raised to 7.45 MMT for both years. Industrial domestic consumption of soybean oil for the 2009/10 LMY is increased to 1.85 MMT (up 125,000 tons) and to 2.55 MMT (up 650,000 tons) for the 2010/11 LMY.

##### *Sunflowerseed and Products:*

Due to shorter expected supplies, including a smaller carry-over of stocks, sunflower crush numbers are lowered by 300,000 tons to 2.7 MMT for the 2010/11 LMY. Likewise, meal and oil are also brought down to 1.15 and 1.1 MMT, respectively.

The crush pace for LMY2009/10 is on track to exceed the USDA official estimate and Post adjusts crush upward by 100,000 tons to 2.6 MMT. Sunflower oil is also raised slightly to 1.075 MMT.

The 2008/09 crush number was adjusted marginally to 3.296 MMT, based on official data from the Ministry of Agriculture's Trade Office (ONCCA).

#### **Trade:**

*Soybeans and Products:*

As noted previously, domestic demand for soybean oil for the biodiesel industry will likely cause an increase in consumption of soybeans for crush and a decrease in exports of beans and oil. For this reason, Post maintains its 2010/11 soybean export estimate at 11.5 MMT, which is lower than the official USDA estimate. During the same year, soybean oil exports are adjusted downward to 4.65 MMT.

For LMY 2009/10 meal exports are increased to 30 MMT. Over 17 MMT have been exported during the first six months of the year, which is 61 percent of the current USDA estimate. Based on the five year average, only about 55 percent is normally exported by this time.

Back year adjustments have also been made based on updated trade data. Meal exports for LMY 2008/09 have been raised to 21.309 MMT and exports to the EU lowered to 12.2 MMT for the same year. Additionally, 2008/09 LMY oil exports to EU are lowered to 384,000 tons.

Oilseed, Soybean (Local) Argentina	2008/2009		2009/2010		2010/2011	
	Market Year Begin: Apr 2009		Market Year Begin: Apr 2010		Market Year Begin: Apr 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	17,200	17,200	18,800	18,800	18,600	18,600
Area Harvested	16,000	16,000	18,600	18,600	18,600	18,600
Beginning Stocks	5,764	5,764	4,298	4,298	4,200	3,498
Production	32,000	32,000	54,500	54,500	52,000	52,000
MY Imports	157	157	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	37,921	37,921	58,798	58,798	56,200	55,498
MY Exports	3,486	3,486	14,700	14,700	12,700	11,500
MY Exp. to EU	100	100	150	100	100	100
Crush	28,552	28,552	38,300	39,000	38,650	39,000
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	1,585	1,585	1,598	1,600	1,650	1,650
Total Dom. Cons.	30,137	30,137	39,898	40,600	40,300	40,650
Ending Stocks	4,298	4,298	4,200	3,498	3,200	3,348
Total Distribution	37,921	37,921	58,798	58,798	56,200	55,498
1000 HA, 1000 MT						

Meal, Soybean (Local) Argentina	2008/2009		2009/2010		2010/2011	
	Market Year Begin: Apr 2009		Market Year Begin: Apr 2010		Market Year Begin: Apr 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
<b>Crush</b>	28,552	28,552	38,300	39,000	38,650	39,000
<b>Extr. Rate, 999.9999</b>	1	1	1	1	1	1
<b>Beginning Stocks</b>	918	918	1,486	1,476	2,050	1,030
<b>Production</b>	22,519	22,519	29,656	30,250	29,950	30,250
<b>MY Imports</b>	4	0	4	0	2	0
<b>MY Imp. from U.S.</b>	0	0	0	0	0	0
<b>MY Imp. from EU</b>	0	0	0	0	0	0
<b>Total Supply</b>	23,441	23,437	31,146	31,726	32,002	31,280
<b>MY Exports</b>	21,303	21,309	28,400	30,000	29,300	29,500
<b>MY Exp. to EU</b>	14,500	12,200	14,750	14,750	14,750	15,000
<b>Industrial Dom. Cons.</b>	0	0	0	0	0	0
<b>Food Use Dom. Cons.</b>	0	0	0	0	0	0
<b>Feed Waste Dom. Cons.</b>	652	652	696	696	702	702
<b>Total Dom. Cons.</b>	652	652	696	696	702	702
<b>Ending Stocks</b>	1,486	1,476	2,050	1,030	2,000	1,078
<b>Total Distribution</b>	23,441	23,437	31,146	31,726	32,002	31,280
1000 MT, PERCENT						

Oil, Soybean (Local) Argentina	2008/2009		2009/2010		2010/2011	
	Market Year Begin: Apr 2009		Market Year Begin: Apr 2010		Market Year Begin: Apr 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
<b>Crush</b>	28,552	28,552	38,300	39,000	38,650	39,000
<b>Extr. Rate, 999.9999</b>	0	0	0	0	0	0
<b>Beginning Stocks</b>	137	137	157	157	208	260
<b>Production</b>	5,448	5,448	7,273	7,450	7,400	7,450
<b>MY Imports</b>	0	0	0	0	0	0
<b>MY Imp. from U.S.</b>	0	0	0	0	0	0
<b>MY Imp. from EU</b>	0	0	0	0	0	0
<b>Total Supply</b>	5,585	5,585	7,430	7,607	7,608	7,710
<b>MY Exports</b>	3,707	3,707	5,120	5,120	5,120	4,650
<b>MY Exp. to EU</b>	425	384	400	400	425	425
<b>Industrial Dom. Cons.</b>	1,346	1,346	1,725	1,850	1,900	2,550
<b>Food Use Dom. Cons.</b>	375	375	377	377	385	385
<b>Feed Waste Dom. Cons.</b>	0	0	0	0	0	0
<b>Total Dom. Cons.</b>	1,721	1,721	2,102	2,227	2,285	2,935
<b>Ending Stocks</b>	157	157	208	260	203	125
<b>Total Distribution</b>	5,585	5,585	7,430	7,607	7,608	7,710
1000 MT, PERCENT						

Oilseed, Sunflowerseed Argentina	2008/2009		2009/2010		2010/2011	
	Market Year Begin: Mar 2009		Market Year Begin: Mar 2010		Market Year Begin: Mar 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	1,810	1,967	1,500	1,543	1,650	1,650
Area Harvested	1,810	1,820	1,488	1,489	1,650	1,650
Beginning Stocks	1,685	1,685	812	816	565	326
Production	2,440	2,483	2,300	2,220	2,800	2,800
MY Imports	128	128	70	70	100	100
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	4,253	4,296	3,182	3,106	3,465	3,226
MY Exports	74	74	67	70	65	65
MY Exp. to EU	22	20	20	20	20	20
Crush	3,282	3,296	2,500	2,600	3,000	2,700
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	85	110	50	110	30	110
Total Dom. Cons.	3,367	3,406	2,550	2,710	3,030	2,810
Ending Stocks	812	816	565	326	370	351
Total Distribution	4,253	4,296	3,182	3,106	3,465	3,226
1000 HA, 1000 MT						

Meal, Sunflowerseed Argentina	2008/2009		2009/2010		2010/2011	
	Market Year Begin: Mar 2009		Market Year Begin: Mar 2010		Market Year Begin: Mar 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	3,282	3,296	2,500	2,600	3,000	2,700
Extr. Rate, 999.9999	0	0	0	0	0	0
Beginning Stocks	164	164	205	205	70	110
Production	1,391	1,391	1,060	1,100	1,270	1,150
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	1,555	1,555	1,265	1,305	1,340	1,260
MY Exports	720	720	645	645	785	700
MY Exp. to EU	494	494	450	450	500	400
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	630	630	550	550	500	500
Total Dom. Cons.	630	630	550	550	500	500
Ending Stocks	205	205	70	110	55	60
Total Distribution	1,555	1,555	1,265	1,305	1,340	1,260
1000 MT, PERCENT						

Oil, Sunflowerseed Argentina	2008/2009		2009/2010		2010/2011	
	Market Year Begin: Mar 2009		Market Year Begin: Mar 2010		Market Year Begin: Mar 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	3,282	3,296	2,500	2,600	3,000	2,700
Extr. Rate, 999.9999	0	0	0	0	0	0
Beginning Stocks	213	213	324	323	212	206
Production	1,342	1,345	1,035	1,075	1,235	1,100
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	1,555	1,558	1,359	1,398	1,447	1,306
MY Exports	853	857	760	800	975	800
MY Exp. to EU	141	121	180	150	270	200
Industrial Dom. Cons.	2	2	2	2	2	2
Food Use Dom. Cons.	361	361	370	375	355	375
Feed Waste Dom. Cons.	15	15	15	15	10	15
Total Dom. Cons.	378	378	387	392	367	392
Ending Stocks	324	323	212	206	105	114
Total Distribution	1,555	1,558	1,359	1,398	1,447	1,306
1000 MT, PERCENT						