

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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POLICY

Voluntary Public

Date: 2/8/2017

GAIN Report Number:

Argentina

Post: Buenos Aires

Oilseeds and Products Voluntary

Report Categories:

Oilseeds and Products

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Report Highlights:

Soybean and peanut sowings were completed as of late January with nearly a third of the sunflower seed crop harvested. Heavy downpours in early January around the primary production regions of north Buenos Aires and south Santa Fe provinces raised alarms about additional area loss for soybeans. However, better conditions have emerged since then and contacts report that the area has largely recovered. As such, Post maintains its soybean area harvested estimate of 19.3 million hectares, with production at 55 million tons.

Soybean

Oilseed, Soybean (Local) Market Begin Year	2014/2015		2015/2016		2016/2017	
	Apr 2015		Apr 2016		Apr 2016	
Argentina	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	19400	20000	19700	20250	19450	19500
Area Harvested	19340	19300	19530	19530	19450	19300
Beginning Stocks	10214	10214	10915	9252	13625	11002
Production	61400	60800	56800	56800	57000	55000
MY Imports	35	35	1000	1000	1000	1000
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	71649	71049	68715	67052	71625	67002
MY Exports	11669	11670	8970	8450	9000	9500
MY Exp. to EU	60	60	60	60	0	65
Crush	44890	45110	41800	42500	44700	42000
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	4175	5017	4320	5100	4500	5150
Total Dom. Cons.	49065	50127	46120	47600	49200	47150
Ending Stocks	10915	9252	13625	11002	13425	10352
Total Distribution	71649	71049	68715	67052	71625	67002

(1000 HA) ,(1000 MT)

Production

Throughout the month of January, the primary growing regions of received significant rainfall, leading to increased speculation of significant area losses. At present, the Buenos Aires Grains Exchange estimates planting area at 19.2 million hectares, attributing the 4.5 percent decline in area from last season, to competition from other crops, the abandonment of areas due to flooding and drought in select areas. Although there have been reports of harsher area losses and crop damage due to excess water levels, Post crop travel and contacts reveal that the majority of affected area by these conditions have recovered in over past few weeks, particularly in the main production zones of Nucleo Sur¹, south Cordoba, and central-east Entre Rios provinces. As of late January 2017, the entire 2016/17 soybean crop has been planted with final sowings concluding in south Buenos Aires and La Pampa provinces last week.² In south Buenos Aires province, 1st crop soybean yields are expected to be around 2.4 tons per hectare for the southeast section of the province and 1.8 tons for the southwest. Towards the western part of Buenos Aires province (Bolívar and Pehaujo), 1st crop soybean yields are averaging 2.8 tons per hectare and 1.2 tons for 2nd crop soybeans.

Weed/pest resistance is an increasingly difficult challenge, contributing to elevated production costs. A crop advisor in Nuevo de Julio estimates that this resistance is resulting in a 10-15 percent increase in costs for producers in his area. These weeds and pests include *Conyza bonariensis* and *Amaranthus quitensis* among others. The standard chemical applications that used to mitigate these weeds are not as effective, forcing producers to increase the dosage and/or modify their mix of applications and seek new pesticides and herbicides. Producers see crop rotation as the best tool against this resistance. As such, some crop advisors and analysts have begun to speculate that due in part to this resistance (along with a host of market factors) that soybean area will decline again in the 2017/18 season. Moreover, these

¹ south Santa Fe and north Buenos Aires provinces

² Bolsa de Cereales Buenos Aires, “Panorama Agrícola Semanal”, January 2, 2017 <http://www.bolsadecereales.com/pas>

analysts estimate that moving forward soybean planting area is likely to reach an “equilibrium” range between 19 – 19.5 million hectares. At the same time, rent prices for 1st crop soybean have increased slightly but are not near the high levels of a few years ago. At present, the rent price range is 0.6 to 0.8 tons per hectare, depending upon the area.

While the recent rains have led to area losses, the expected increase in yields will offset those declines. As such, post maintains its production estimate of 55 million tons, since the improved conditions have impeded additional losses. Moreover, producers have taken measures to minimize the effects of increased humidity via agrochemical applications to control for pests.³ This elevated use of technology along with greater moisture levels support Post’s national average yield estimate of 2.85 tons per hectare. Moreover, local contacts in departments of Alberti, Chivilcoy, Suipacha, and Mercedes (all in north Buenos Aires province) are expecting yields of up to 4.0 tons per hectare for 1st crop soybeans and yields at 3.0 tons per hectare for 2nd crop soybeans. In areas such as Rojas and Pergamino, yields of over 3.0 are expected with the crop experiencing good conditions and flowering.

Crush

Based on updated crush figures, 2015/2016 soybean crush is revised up to 42.5 million tons. It’s reported that crushers are increasingly concerned by excess capacity. At present, crush utilization is estimated between 85 to 90 percent but lower soybean deliveries and expected declines in areas reignited fears over increased underutilization of capacity. Moreover, soybean producers have considered storing grain via silo bags to hold out for better price from crushers – leading to disruption in the regular flow of soybeans to plants. 2016/17 crush is revised up to 42 million tons.

Trade

2015/16 exports are revised down to 8.45 million tons based on updated trade statistics and expectations from traders.

Sunflower seed

Oilseed, Sunflowerseed Market Begin Year	2014/2015		2015/2016		2016/2017	
	Mar 2015		Mar 2016		Mar 2016	
Argentina	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	1440	1300	1300	1250	1650	1675
Area Harvested	1440	1240	1270	1200	1650	1650

³ Bolsa de Cereales Buenos Aires, “Panorama Agrícola Semanal”, January 2, 2017 <http://www.bolsadecereales.com/pas>

Beginning Stocks	740	740	1038	636	554	144
Production	3160	2755	2700	2600	3300	3300
MY Imports	1	1	0	2	0	2
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	3901	3496	3738	3238	3854	3446
MY Exports	63	62	300	305	118	100
MY Exp. to EU	13	20	250	20	15	0
Crush	2749	2750	2830	2735	3000	3150
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	51	48	54	54	54	60
Total Dom. Cons.	2800	2798	2884	2789	3054	3210
Ending Stocks	1038	636	554	144	682	136
Total Distribution	3901	3496	3738	3238	3854	3446
(1000 HA) ,(1000 MT)						

Production

Sunflower seed harvest is underway with almost a third of the crop harvested as of late January. Harvest is almost completed in the northern part of the country, specifically Chaco, center-north Cordoba, and center-north Santa Fe provinces. Thus far, these areas are reporting yields averaging around 1.86 tons per hectare. As for the other major production region of Buenos Aires province, recent rains in the central and southern part of the province delivered much needed moisture to planted areas beginning to develop grain. In west Buenos Aires, the crop is closer to maturity and under good conditions. Moreover, local producers are expecting yields above those of last season if conditions persist.⁴ Contacts in south Buenos Aires province report that the crop is in good condition with average yields around 2.5 tons per hectare for the southwest part of the province, and 1.4 tons for the southeast.

Recent crop travel revealed that while producers were very enthusiastic about expanding sunflower plantings, many were having trouble planting and marketing sunflower seed for the first time in years. For example, a few interviewed producers reported not planting sunflower in over 10 years. These producers faced a steep learning curve as they reacquainted themselves with how to plant sunflower again under varied weather conditions. Some observers report that the spill-over effect of such inexperience was less than optimal crop conditions, especially in marginal lots that were previously relegated to soybeans in recent years. However, it's expected that this should not be an issue next season as producers will be better equipped to grow the crop.

Input suppliers in south Buenos Aires province (Tandil and Tres Aroyos) report less plantings of high oleic sunflower as producers were discontent with the lack of more lucrative premiums for high oleic varieties. It is unknown what effect these market dynamics will have for the make-up of sunflower variety plantings for next season.

Trade

2016/2017 exports are revised up to 100,000 tons, based on expectations of greater shipments of confectionary seed to India.

⁴Bolsa de Cereales Buenos Aires, "Panorama Agrícola Semanal", January 2, 2017 <http://www.bolsadecereales.com/pas>

Peanuts

Oilseed, Peanut Market Begin Year	2014/2015		2015/2016		2016/2017	
	Mar 2015		Mar 2016		Mar 2017	
Argentina	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	341	345	300	330	365	365
Area Harvested	341	341	290	290	365	360
Beginning Stocks	568	568	565	589	269	277
Production	1188	1188	930	930	1200	1190
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	1756	1756	1495	1519	1469	1467
MY Exports	848	833	915	910	900	950
MY Exp. to EU	487	465	540	450	520	490
Crush	278	277	245	252	270	270
Food Use Dom. Cons.	48	53	50	55	53	58
Feed Waste Dom. Cons.	17	23	16	25	17	27
Total Dom. Cons.	343	353	311	332	340	355
Ending Stocks	565	589	269	277	229	162
Total Distribution	1756	1775	1495	1519	1469	1467

(1000 HA) ,(1000 MT)

Production

The Grains Exchange of Cordoba reports the peanut crop is currently in good conditions with elevated moisture levels thanks to recent rains. The exchange's surveys reveal that 50 percent of the crop is in "good" condition, 49 percent in "very good" condition, and 6 percent in excellent condition. Moreover, it's reported that over 43 percent of the crop is beginning to flower (R1) while the rest of crop is behind (up to V5) due to initial delays in the planting earlier in the season.⁵ Recent rains were concentrated in the western and northern parts of Rio Cuarto where the crop is in good condition; however, the crop is beginning to show signs of yellowing towards the eastern and southern parts of Rio Cuarto.⁶ The Ministry of Agro-Industry confirmed as of mid-January, that the entire peanut crop for Argentina had been planted.

Trade

Based on updated trade figures, 2015/2016 and 2016/2017 exports are revised up to 910,000 and 950,000 tons, respectively.

⁵ Bolsa de Cereales de Córdoba - http://www.bccba.com.ar/images_db/noticias_archivos/3483-Decargar%20Informe%20Nº%2093.pdf#viewer.action=download

⁶ http://www.sjia.gob.ar/informes/Estimaciones_Agricolas/Semanal/170202_Informe%20Semanal%20Estimaciones%20-%20a1%2002-Feb-2017.pdf