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# Argentina

# Grain and Feed Update

# January 2014

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**Report Highlights:**
Barley production for 2013/14 is increased to 4.9 million tons, 150,000 tons more than USDA due to higher than expected yields in the province of Buenos Aires. This additional supply is expected to increase ending stocks accordingly. Corn production for 2013/14 is projected at 23.8 million tons, 1.2 million lower than USDA. High temperatures and scarce soil humidity in mid-December and mid-January negatively affected early planted corn. This level of production will negatively impact exports which are now set at 15.3 million tons. Sorghum exports for 2013/14 are also expected to be reduced to 1.8 million tons, 700,000 tons lower than USDA due to a smaller production, higher domestic consumption and higher ending stocks. Exports of rice in 2013/14 are expected to increase to 650,000 tons, 75,000 tons higher than USDA as the recent devaluation of the peso has

increased exporters' competitiveness.

**Post:**
Buenos Aires

## Author Defined:

**General:** Most local farmers are expected to have a good crop season in 2013/14. Wheat and barley yields and quality were good. Regarding summer crops, current conditions promise at least average yields in most areas (the exception are the Southern part of Cordoba, Northern La Pampa, and West and Central South parts of Buenos Aires province which have suffered rain deficit). After a two-year drought, the northern provinces of Argentina are recovering soil humidity with decent rainfall. Corn, sorghum and soybeans planting are in the final stages in that area.

The peso plunged 15 percent on Jan. 22 and 23, from around 6.9 pesos to the dollar to 8 pesos, but has since stabilized. It weakened by a total of 19 percent in January. In addition to the rapid devaluation, the government increased interest rates by more than 6 points in an attempt to shore up foreign currency reserves, which have declined 32 percent in the past year to a seven-year low of $28.7 billion. Inflation is on the rise with consumer prices having risen about 4 percent in the past month, according to private economists who put the annual inflation rate near 30 percent.

While a currency devaluation would naturally be beneficial to exports, trade in the Argentine Grain Exchanges declined last week as farmers are holding onto stocks that they have on the farms, rather than taking pesos, waiting to see how far the peso will fall. In the mid-to-long term however, the devaluation will improve most farmers' returns. Many producers have purchased inputs with credit at very low interest rate in pesos so they already have a significant gain as the price of the commodities they produce are tied to the dollar. However, the strong devaluation has accelerated inflation, eating portions of the gains.

**Wheat:** Based on information from different sources, wheat area in 2013/14 is increased to 3.7 million, 200,000 hectares higher than USDA. Planted area was higher than the previous year. Producers stated that area could have been higher, but there was a lack of available good quality seed, given the heavy rains during the final stages of harvesting last year. Exports remain unchanged. However, Post estimates that they will run at a much slower pace than normal. The government will not want to suffer the same stress of the past crop in which local supplies were very tight and wheat, flour and bread prices skyrocketed 2-3 months prior to the new crop began to come in. In mid-January 2014, the Minister of Economy announced that Argentina would be able to export 1.5 million tons of wheat of crop 2013/14, and authorized a first tranche of exports of 500,000 tons of wheat and 50,000 tons of wheat flour. In the future, and based on the final production and supply, it will authorize additional export volumes. Through January 22, exporters had purchased 1.4 million tons of wheat, significantly less than the 4.8 million purchased a year ago at this time. Producers are not happy with this system as they claim that exporters and local flour mills do not compete for the purchasing of wheat and therefore, the price they get for their production is lower.

Wheat production for 2012/13 is lowered to 9.3 million tons, 200,000 tons less than USDA due to somewhat lower yields than earlier expected. Feed and residual wheat in this same crop is increased by 100,000 tons above USDA'S number. The badly affected crop quality and the short ending stocks makes us believe that more

product of very poor quality was used for animal feed.

**Barley:** Higher yields than earlier expected increases Post's 2013/14 crop production at 4.9 million tons, 150,000 tons higher than USDA. Good conditions in most of the Central-Southern part of Buenos Aires province, where most of the barley was planted, resulted in good yields and quality. Some contacts believe production could be even a little higher. Exports are still expected at 3 million tons (1 million for malting and the balance for feed). Local traders believe that during this crop year some feed barley could be exported for the first time to China. The additional output would make ending stocks grow accordingly (plus 150,000 tons) as exports and domestic consumption remain unchanged.

**Corn:** Production for crop season 2013/14 is now projected at 23.8 million tons, 1.2 million tons lower than USDA. There are several contacts and entities that believe output could be even lower. An unusual long period (11 days) of very high temperatures combined with scarce soil humidity in mid-December negatively affected almost all early planted corn which was going through the flowering stage. A second period of high temperatures was suffered in mid-January. Rainfall in January has been spotted, and depending on the area and fields, yields will be erratic. Generally speaking corn is in good condition with the exception in the southern part of Cordoba, La Pampa and West and Central-South part of Buenos Aires province. Rains in general were very good as from mid-January onwards. This has been very good for late planted corn, which this years is projected to represent 50-55 percent of the total corn planted in Argentina. This record high planting is basically due to a recent trend to plant late or second corn crop (after wheat or barley), but was augmented this crop season due to scarce soil humidity during the optimal planting dates of early corn and forced many producers to plant later. Local farmers want to avoid the corn flowering during the normally very hot and dry month of January. New seed technology as well as modern crop protection products and management now allow planting in early-December (with flowering during February). Although potential yields are lower, farmers claim that they gain in yield stability. Late corn is usually harvested in June-August with a higher content of humidity. A smaller corn production and expected larger ending stocks (as in wheat, brokers expect the government to be very conservative in allowing export supplies and thus would maintain a well-supplied domestic market), will reduce the export surplus to 15.3 million tons, 1.7 million tons less than USDA. This level would be below the export quota of 16 million tons announced by the government in mid-2013 for crop 2013/14. Through January 22, 2014, exporters had purchased 1.8 million tons of corn from crop 2013/14, much less than the 11.4 million tons purchased a year ago at the same time. Producers are selling very little as they believe the price of corn is very low and that there could be a larger devaluation in the future which could benefit them. Argentine corn exports during 2013/14 are expected to be stretched throughout the year. Exports of corn to China are expected to be minimal as most traders are not willing to risk shipments being rejected as it happened recently to the US.

**Sorghum:** Production for crop 2013/14 is set at 4.5 million tons, 100,000 tons lower than USDA number. Weather in the most important production areas (Chaco, Cordoba, Santiago del Estero, Entre Rios and northern Santa Fe province) has been, in general, very hot and somewhat dry through mid-January. Lower prices of sorghum (this year the price ratio vis-à-vis corn has come down to its normal level of 80 percent) due to a well supplied market and lower exports is expected to encourage some additional local consumption. Sorghum

exports are projected at 1.8 million tons, 700,000 tons lower than USDA as the world market of feed grain is well supplied and local traders are nowadays finding a somewhat weak demand for sorghum. This situation is expected to increase ending stocks at 867,000 tons, 300,000 higher than USDA.
Sorghum exports for crop 2012/13 are expected to finish close to 1.9 million tons, just above USDA level.

**Rice:** Production for 2013/14 remains unchanged at 1.5 million tons (rough production), but some contacts believe it could finally increase somewhat as weather conditions during the season so far has been very good. Water ponds were full and the sun radiation was very good. As a result of the recent peso devaluation, Argentine rice became more competitive as the price paid by buyers in dollar terms now allows them to make a profit on their exports. Therefore, local exporters project rice exports at 650,000 tons (milled basis), 75,000 tons higher than USDA. The main markets will probably be Brazil, Chile, Iraq, and Iran. Also Argentina is entering into several Central American countries and could expand exports to Peru.

STATISTICAL INFORMATION

| Wheat Argentina | 2011/2012 | | 2012/2013 | | 2013/2014 | |
|---|---|---|---|---|---|---|
| | Market Year Begin: Dec 2011 | | Market Year Begin: Dec 2012 | | Market Year Begin: Dec 2013 | |
| | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Area Harvested | 5,170 | 5,170 | 3,600 | 3,600 | 3,500 | 3,700 |
| Beginning Stocks | 4,106 | 4,106 | 735 | 735 | 590 | 532 |
| Production | 15,500 | 15,500 | 9,500 | 9,300 | 10,500 | 10,500 |
| MY Imports | 5 | 5 | 5 | 2 | 5 | 3 |
| TY Imports | 13 | 13 | 4 | 1 | 5 | 3 |
| TY Imp. from U.S. | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Supply | 19,611 | 19,611 | 10,240 | 10,037 | 11,095 | 11,035 |
| MY Exports | 12,926 | 12,926 | 3,550 | 3,305 | 4,000 | 4,000 |
| TY Exports | 11,951 | 11,951 | 7,450 | 7,450 | 3,000 | 3,000 |
| Feed and Residual | 100 | 100 | 200 | 300 | 100 | 100 |
| FSI Consumption | 5,850 | 5,850 | 5,900 | 5,900 | 5,950 | 5,950 |
| Total Consumption | 5,950 | 5,950 | 6,100 | 6,200 | 6,050 | 6,050 |
| Ending Stocks | 735 | 735 | 590 | 532 | 1,045 | 985 |
| Total Distribution | 19,611 | 19,611 | 10,240 | 10,037 | 11,095 | 11,035 |
| | | | | | | |
| 1000 HA, 1000 MT, MT/HA | | | | | | |

| Barley Argentina | 2011/2012 | | 2012/2013 | | 2013/2014 | |
|---|---|---|---|---|---|---|
| | Market Year Begin: Dec 2011 | | Market Year Begin: Dec 2012 | | Market Year Begin: Dec 2013 | |
| | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Area Harvested | 1,160 | 1,160 | 1,500 | 1,500 | 1,270 | 1,270 |
| Beginning Stocks | 530 | 530 | 214 | 214 | 214 | 214 |
| Production | 4,500 | 4,500 | 5,000 | 5,000 | 4,750 | 4,900 |
| 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 | 5,030 | 5,030 | 5,214 | 5,214 | 4,964 | 5,114 |
| MY Exports | 3,616 | 3,616 | 3,600 | 3,600 | 3,000 | 3,000 |
| TY Exports | 3,631 | 3,631 | 3,647 | 3,647 | 3,000 | 3,000 |
| Feed and Residual | 100 | 100 | 100 | 100 | 100 | 100 |
| FSI Consumption | 1,100 | 1,100 | 1,300 | 1,300 | 1,300 | 1,300 |
| Total Consumption | 1,200 | 1,200 | 1,400 | 1,400 | 1,400 | 1,400 |
| Ending Stocks | 214 | 214 | 214 | 214 | 564 | 714 |
| Total Distribution | 5,030 | 5,030 | 5,214 | 5,214 | 4,964 | 5,114 |
| | | | | | | |

1000 HA, 1000 MT, MT/HA

| Corn Argentina | 2011/2012 | | 2012/2013 | | 2013/2014 | |
|---|---|---|---|---|---|---|
| | Market Year Begin: Mar 2012 | | Market Year Begin: Mar 2013 | | Market Year Begin: Mar 2014 | |
| | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| **Area Harvested** | 3,600 | 3,600 | 4,000 | 4,000 | 3,400 | 3,400 |
| **Beginning Stocks** | 4,130 | 4,130 | 991 | 991 | 901 | 893 |
| **Production** | 21,000 | 21,000 | 26,500 | 26,500 | 25,000 | 23,800 |
| **MY Imports** | 7 | 7 | 10 | 2 | 10 | 5 |
| **TY Imports** | 8 | 8 | 4 | 4 | 10 | 5 |
| **TY Imp. from U.S.** | 1 | 1 | 0 | 0 | 0 | 0 |
| **Total Supply** | 25,137 | 25,137 | 27,501 | 27,493 | 25,911 | 24,698 |
| **MY Exports** | 17,146 | 17,146 | 19,000 | 19,000 | 17,000 | 15,300 |
| **TY Exports** | 16,501 | 16,501 | 22,786 | 22,786 | 14,000 | 12,300 |
| **Feed and Residual** | 4,800 | 4,800 | 5,000 | 5,000 | 5,000 | 5,000 |
| **FSI Consumption** | 2,200 | 2,200 | 2,600 | 2,600 | 3,000 | 3,000 |
| **Total Consumption** | 7,000 | 7,000 | 7,600 | 7,600 | 8,000 | 8,000 |
| **Ending Stocks** | 991 | 991 | 901 | 893 | 911 | 1,398 |
| **Total Distribution** | 25,137 | 25,137 | 27,501 | 27,493 | 25,911 | 24,698 |
| | | | | | | |
| 1000 HA, 1000 MT, MT/HA | | | | | | |

| Sorghum Argentina | 2011/2012 | | 2012/2013 | | 2013/2014 | |
|---|---|---|---|---|---|---|
| | Market Year Begin: Mar 2012 | | Market Year Begin: Mar 2013 | | Market Year Begin: Mar 2014 | |
| | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| **Area Harvested** | 1,000 | 1,000 | 1,150 | 1,150 | 1,000 | 1,000 |
| **Beginning Stocks** | 950 | 950 | 167 | 167 | 1,067 | 967 |
| **Production** | 4,200 | 4,200 | 5,000 | 5,000 | 4,600 | 4,500 |
| **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** | 5,150 | 5,150 | 5,167 | 5,167 | 5,667 | 5,467 |
| **MY Exports** | 3,083 | 3,083 | 1,800 | 1,900 | 2,500 | 1,800 |
| **TY Exports** | 2,163 | 2,163 | 3,059 | 3,059 | 2,000 | 1,300 |
| **Feed and Residual** | 1,700 | 1,700 | 2,000 | 2,000 | 2,200 | 2,400 |
| **FSI Consumption** | 200 | 200 | 300 | 300 | 400 | 400 |
| **Total Consumption** | 1,900 | 1,900 | 2,300 | 2,300 | 2,600 | 2,800 |
| **Ending Stocks** | 167 | 167 | 1,067 | 967 | 567 | 867 |
| **Total Distribution** | 5,150 | 5,150 | 5,167 | 5,167 | 5,667 | 5,467 |
| | | | | | | |
| 1000 HA, 1000 MT, MT/HA | | | | | | |

| Rice, Milled Argentina | 2011/2012 | | 2012/2013 | | 2013/2014 | |
|---|---|---|---|---|---|---|
| | Market Year Begin: Apr 2012 | | Market Year Begin: Apr 2013 | | Market Year Begin: Apr 2014 | |
| | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| **Area Harvested** | 235 | 235 | 233 | 233 | 232 | 232 |
| **Beginning Stocks** | 145 | 145 | 175 | 175 | 194 | 194 |
| **Milled Production** | 1,008 | 1,008 | 1,014 | 1,014 | 975 | 975 |
| **Rough Production** | 1,551 | 1,551 | 1,560 | 1,560 | 1,500 | 1,500 |
| **Milling Rate (.9999)** | 6,500 | 6,500 | 6,500 | 6,500 | 6,500 | 6,500 |
| **MY Imports** | 5 | 5 | 5 | 5 | 5 | 5 |
| **TY Imports** | 5 | 5 | 5 | 5 | 5 | 5 |
| **TY Imp. from U.S.** | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Supply** | 1,158 | 1,158 | 1,194 | 1,194 | 1,174 | 1,174 |
| **MY Exports** | 593 | 593 | 575 | 575 | 575 | 650 |
| **TY Exports** | 608 | 608 | 550 | 550 | 550 | 620 |
| **Consumption and Residual** | 390 | 390 | 425 | 425 | 430 | 430 |
| **Ending Stocks** | 175 | 175 | 194 | 194 | 169 | 94 |

| | | | | | | |
|---|---|---|---|---|---|---|
| **Total Distribution** | 1,158 | 1,158 | 1,194 | 1,194 | 1,174 | 1,174 |
| | | | | | | |
| 1000 HA, 1000 MT, MT/HA | | | | | | |