

02-05-2024 - PERIOD:
12/04/2024 A 26/04/2024

Argentina Agri Market Report

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02-05-2024 - Period: 12/04/2024 to 26/04/2024

Data in this report refers to the last fortnight (April 12-26, 2024). The grains market is analyzed on the basis of reports released by the US CBOT market and other entities, including the USDA, FAO, IGC, Oil World, and private sources.

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SUMMARY

International Overview

In the Chicago market prices closed with mixed results. Wheat saw a strong weekly increase due to unfavorable weather conditions for crops in the Northern Hemisphere. In the US, delays and planting uncertainties led corn to conclude with slight declines. Soybeans closed lower on nearby positions due to the Brazilian harvest and an expected slower pace for planting in the US Midwest, which pushed up distant contracts.

Despite market alerts about the upcoming USDA cycle for May 12, the IGC GMR April 18 estimates corrected surpluses from their March 24 report. Considering the world total for all grains (including rice), 2024/25 production was estimated up +0.9% at 2322 MMT (2023/24: 2301). Exports are expected to decrease by -2.1% to 418 MMT (2023/24: 427). Total use rose by barely 0.5% to 2321 MMT (2023/24: 2310). Ending stocks for 2024/25 would close marginally up by +0.2% at 592 MMT (2023/24: 591). The stock-to-use ratio would stand unchanged at 25.5% (2023/24: 25.6). The year-on-year balance was tight, with decreased trade, stable use, similar stocks, and a neutral to bullish outlook for future prices (see Table 4).

The global production outlook shows ample South American supplies for soybeans and corn, a record 2023/24 corn harvest in the US, and a large supply of inexpensive Black Sea wheat. Speculators amassing significant short positions began buying due to adverse weather forecasts in the Northern Hemisphere, particularly boosting corn and wheat prices.

The USDA's May 2024 report (the first in the 2024/25 cycle) is much awaited, with uncertainties surrounding total grain supply growth, and the levels of trade, use/consumption, and carryover stocks.

During the last fortnight (April 12-26), nearby May 2024 contract prices in the Chicago market featured rises for wheat and corn, and declines for soybeans. Soybean prices fell by 5 USD to USD 426/ton, soybean oil dropped by 34 USD to USD 990/ton, and soybean meal declined by 14 USD to USD 365/ton. Corn closed USD 2 higher at USD 173/ton. Chicago wheat rose by USD 17 to USD 222/ton and Kansas wheat settled USD 21 higher at USD 237.5/ton. In turn, vegetable oils -on average- fell by USD 21 to USD 985/ton.

SUMMARY

Wheat, Corn and Soybean Crop Condition in the US.

According to the USDA April 22 report, regarding crops in the US for the 2024/25 cycle, starting in May 2024, corn and soybean planting progressed to reach 12%, i.e. 8% of the projected area, in line with expectations and exceeding the averages of 10% and 4%, respectively. Spring wheat planting is 15% ahead of expectations and the average, respectively, Winter wheat condition was rated 50% good to excellent, settling above last year's 26% and above the average. Wheat is currently 17% heading. However, there is concern about drought in the plains for wheat, and this was precisely the bullish factor for prices.

US Wheat, Corn and Soybean Weekly Exports

According to the USDA, soybean weekly exports as of April 18, 2024, for both marketing years settled at 0.211 MMT, below the expected range (0.3-0.6) and the 2024/25's 0.120 MMT, which was within trade estimates. The total output was 0.331 MMT, i.e., bearish for prices. Weekly corn exports for 23/24 were high, totaling 1.3 MMT, exceeding expectations (0.4-0.9 MMT). For 2024/25, they were 0.262 MMT, within expectations (0.025-0.35 MMT) and bullish for feed grains. Finally, wheat exports were 82 and 372 TMT for the respective harvests, neutral or within both trade estimates. Expectations are dominated by forecasts of moisture shortages in the US for the new 24/25 wheat harvest, which was bullish for prices.

US hedge funds

According to the Commodity Futures Trading Commission (CFTC) report as of April 23, 2024, hedge funds purchased soybean grain totaling 2.34 MMT, and cut their net short position to -22.31 MMT (previous: -24.6), which is a bullish movement equivalent to a -15.5% net interest (last week: -21.5). Corn strong purchases totaled 5.18 MMT, with a decrease in the net long position to -30.44 MMT (previous: -35.68), indicating a sharp bullish movement equivalent to a rate of -12.2% (previous week: -14.3). Wheat net purchases totaled 2.2 MMT, and their net short position was cut to -14.39 MMT (last year: -16.59), i.e. a sharp bullish movement equivalent to a rate of -23.3% (versus -27.1% the previous week). Short or sold balances persist, but it's worth noting a recent shift from a bearish stance with an urgency to exit short positions in nearby contracts. Finally, index funds (wheat, corn and soybeans) reduced their net long position by -0.32, closing at 70.17 MMT.

SUMMARY

Argentine Overview

Trading continues with the agricultural dollar close to the official rate, and operations with available goods are in line with the board. The agro-dollar does not facilitate business generation or peso/dollar operations. Decision-making continues with delayed sales and marketing backlog.

The cessation of rains allowed the delayed harvest to resume, with 47,000 trucks moving. For soybeans, there were premiums for short deliveries, but when the rains ceased, soybean prices returned to \$250,000/ton. For corn, the estimate remained at 49.5 MMT, with harvest at 17.2% of the area, yielding 87.9 qq/ha. Late plantings, especially in the northern regions affected by corn leafhoppers, are in worse condition. Meanwhile, moisture favors grains in areas free of such disease. The corn availability improved to around \$156,000/ton.

Wheat market prices rose to \$193,000/ton, with higher values expected for the 2024/25 campaign. There was also activity in input trading. Syngenta in Argentina obtained registration for foliar and seed insecticides for controlling corn leafhopper. Another highlight was the unprecedented US approval for Bioceres to produce pork protein from soy flour through molecular agriculture.

An alert came from the pork producers' association announcing closures of pork production farms due to lack of profitability, cost inflation, and demand contraction.

Regarding weather conditions, a "La Niña" forecast was released based on sea temperatures heading into spring, while "El Niño" moisture remains in effect until then.

Initial planting prospects for wheat and barley for the 24/25 cycle improved with benchmark prices reaching USD 220/ton for December 2024 and January 2025. The initial situation is not very attractive for increasing plating and area would be likely similar to the preceding cycle's.

WHEAT

The biweekly soybean prices experienced net increases, with CBOT rising by 8.5% and closing at USD 221.7/ton. KCBT prices also saw a 11% net rise, closing at USD 237.5/ton. Forecasts of drought in the plains of the US, Russia, and parts of Europe pressured hedge funds to exit heavily sold short positions, leading to market reversals and achieving greater price increases. The April 2024 IGC report revised its forecast for a tighter global balance without carryover stock replenishment. The outlook for Argentina improved with prices, and the planting for the 24/25 season could match the 6.2 Mha from the previous year.

International Market

Last Fortnight Prices

During the last fortnight (April 12-26), wheat futures prices in Chicago (May 2024) kept posting mild declines and sharper rises, surpassing other grains, accumulating 8.5% net gains at the CBOT, with prices closing at USD 221.7/ton. KCBT prices also saw a 10.7% rise, closing at USD 237.5/ton, reaching its highest level since January 2024, and raising the premium. The market was bolstered by drought forecasts in the plains of the United States, Russia, and parts of Europe. Thus, risks in the Northern Hemisphere spring prompted hedge funds to exit short positions. The EU Commission slashed its wheat harvest forecast for 2024/25 to a new low, with a smaller-than-expected area. IGC's forecasts for 2024/25 changed in April 2024. The 2024/25 balance forecast increased production, decreased consumption and trade, and a -1.9% fall in stocks to 259 MMT. The year-on-year balance was tight, with lower trade, use and stocks at the lowest levels since 2015/16. US exports settled within trade estimates. The price trend was raised, closing USD 15 and USD 20 above the 20-day average of USD 206 and USD 217/ton for the CBOT and KCBT, respectively.

Headline News

Dry weather conditions in some wheat producing regions in Russia and the US was headline news, focusing on spring weather risks for crops in the Northern Hemisphere, encouraging investors to cover some of their largest short wheat positions. In Chicago, wheat price rises reached 11%, the largest weekly gain in two years and a half.

Rain forecasts in the south of Russia would extend until early May. However, in some parts of the US Plain may receive rains before.

On Thursday, the EU Commission cut the forecast for the 2024/25 main EU wheat harvest to a new record low. It also indicated a fall in the planted area, which was larger than originally expected.

WHEAT

However, bearish factors for prices persist. Ukraine continues to export large quantities at clearance prices. Together with Russia, they are attempting to export remnants of the 2023/24 harvest within a few months, causing prices in that region to continue falling.

Previous US estimates for 2024/25 indicated an increase to 51.7 MMT, compared to record harvests of 49 MMT in recent campaigns.

According to the International Cereals Council (ICC) April 2024 report, wheat stocks for 2024/25 are forecast to decrease by 1.9% to 259 MMT (2023/24: 264), the lowest in 9 years.

Next May, discussions on Argentina's wheat outlook for the new 24/25 season will begin, covering inputs, products, herbicide, and fertilizer use. Currently, harvest figures do not appear attractive for increases in area and use of technology.

En mayo próximo, comienzan las jornadas sobre perspectivas del trigo de Argentina nueva temporada 24/25. Insumos y productos, relevantes, uso de herbicidas y fertilizantes. Por ahora, los números de la cosecha no aparecen atractivos para aumentos de área y uso de tecnología.

Fundamentals Analysis. 2023/24 Wheat. USDA WASDE, IGC GMR April 2024.

According to the USDA WASDE report, as of April 11, US 23/24 marketing year indicators were unchanged. Production settled +9.8% higher at 49.3 MMT (2022/23: 44.9). Exports declined by -6.4% to 19.3 MMT (2022/23: 20.7). Total use rose +0.3% to 30.3 MMT (2022/23: 30.4). The annual balance, with lower exports and use, closed +22% higher at 18.9 MMT (2022/23: 15.5). The stocks-to-use ratio would rise to 62.6% versus 50.9% in the preceding marketing year. The balance closed with strongly higher carryover stocks, which was bearish for cereal prices. However, the market is eagerly awaiting the new 2024/25 cycle data expected on May 12th.

According to the IGC GMR 548 report as of April 18-24, for the global level, year-on-year estimates changed for 2024/25. Production rose +1.1% to 798 MMT (2023/24: 789). Exports are expected to decrease by -3% to 197 MMT (2023/24: 203). Total use rose by barely -0.4% to 803 MMT (2023/24: 806). Ending stocks would close the 2024/25 marketing year -1.9% lower at 259 MMT (2023/24: 264), a 9-year low. The stocks-to-use ratio would fall to 32.3% (2023/24: 32.8). The year-on-year balance was tight, coupled with declines in trade and stocks, and with futures prices being neutral to bullish (Table 1).

WHEAT

Local Market

Last Fortnight Prices.

During the last fortnight, the local market revised estimates, with sharp increases over the closure and gains in between weeks. Local price rose, close to the external reference, and was a stimulus for immediate sales and/or price fixing for future months. The price of available wheat in dollars in Rosario rose by almost 12% to close at USD 233/ton (last fortnight: USD 208; last month: USD 202). Peso-denominated prices rose by 13%, closing at ARS 204,000/ton. The harvest position for July and January 2025 increased by over 6% to USD 234 and USD 224.5/ton, respectively. Rebounds may likely occur, but yield crop projections improved, which was relevant for the planting intention.

Yields

Available wheat yield for the current harvest concluded at USD 233/ton, with standard yields and modal technology, translating into provisional gross margins ranging between USD 179 to 333/ha. July 2024 contract appeared more enticing, guaranteeing prices at USD 225/ton (Chart 1).

Harvest Projections

According to the Buenos Aires Grain Exchange, as of January 25, 2023/24 corn harvest ended with 6.2 Mha, average yields at 28.4 qq/ha and an achieved output of 15.1 MMT. Initial 2024/25 projection would be around 6 Mha.

CORN

Biweekly corn prices in Chicago reached 1% weekly gains, closing at USD 173.3/ton (last fortnight: 171.5; last month: 169). According to the IGC, the 2024/25 global corn outlook remains similar to the previous year, with a slight increase in stocks and the same stock-to-use ratio, up 0.7%. Weekly exports from the US exceeded expectations. Buying funds trimmed their net short positions and turned bullish. The local harvest progressed to 19.8%, delayed by rains. The average yield is 88.5 qq/ha, with the projection was sustained at 49.5 MMT. In the central region, yields settled at 102 qq/ha. The North region, affected by corn leafhoppers and heat stress, may see further declines in harvest.

International Market

Last Fortnight Prices

During the last fortnight (April 12-26), corn futures prices (May 2024) in Chicago accumulated 1% weekly rises, closing at USD 173.3/ton (last fortnight: 171.5; last month: 169.2). According to the IGC, the 2024/25 global corn outlook remains similar to the previous year, with a slight increase in stocks and the same stock-to-use ratio, up 0.7%. The stocks-to-use ratio is unchanged at 23.8%, trade is lower and was neutral to bullish for prices. Conflicts in the Middle East, which caused increases in both cereal and oil prices, continue having a significant impact on the market. 2023/24 weekly exports from the US settled at 1.3 MMT, exceeding expectations, which was positive for prices. Price trends remained sideways, closing USD 2 above the twenty-day average of USD 176 per ton.

Global News

Major news was the market's attention on the 2024/25 cycle, with planting and production forecasts in the Northern Hemisphere indicating dry spring weather, which may lead to production forecasts settling below the initially optimistic ones.

In the US, rains were forecast for early May, with cold temperatures in the producing area, which may hinder the already delayed plantings.

Traders in investment funds turned net buyers of nearby corn futures contracts. This led to a sustained price increase.

The demand from local pork sector, where multiple closures of pork production farms due to lack of profitability were announced, was headline news.

CORN

Weekly US selling was positive, settling at 1.3 MMT, above the maximum expected by the market. Mexico as the main buyer, which was bullish for feed grain prices.

It became known that Syngenta obtained the approval of two insecticides for controlling corn leafhopper. Argentina obtained registration for foliar and seed insecticides for controlling corn leafhopper. In this sense, an Argentine company obtained US approval to produce pork protein from soy flour. The company is part of Bioceres, and is focused on producing animal protein through molecular agriculture.

A "La Niña" forecast was released based on sea temperatures heading into spring.

Fundamentals Analysis. 2023/24 Corn. USDA WASDE and IGC GMR April 2024.

According to the USDA WASDE report as of April 11, for US 2023/24 marketing year, there were little changes. Production was confirmed +12.4% higher at 389.7 MMT. Exports will grow by +26% to 53.3 MMT. Total use increased +3.8% to 317.6 MMT. The balance closed +56% higher at 53.9 MMT, the highest level since 2018/19. The stocks-to-use ratio would rise to 17% versus 11.3% in the preceding cycle. This balance strengthened supply, with a substantial stock strengthening, and had a bearish effect on feed grain prices. Market alerts focused on the 2024/25 cycle estimates to be released by the said source on next May 12th.

According to the IGC GMR report as of April 18-24, global 2024/25 year-on-year production rose +0.25% to 1226 MMT (2023/24: 1223). Exports are expected to decrease by -2.8% to 177 MMT (2023/24: 182). Total use rose by barely 0.9% to 1223 MMT (2023/24: 1212). Ending stocks would close 2023/24 marketing year +0.7% slightly higher at 291 MMT (2023/24: 289).

The stock-to-use ratio settled unchanged at 23.8% (2023/24: 23.8). The year-over-year balance would be comfortable, with lower trade and a mild recovery of stocks, resulting in a neutral to bullish outlook for feed grain futures prices (Table 2).

CORN

Local Market

Last Fortnight Prices

During the last fortnight, the local market adjusted to the external context, with net rises in dollars and in pesos. The market heated up due to rains delaying the entry of the harvest. A comeback of premiums on short deliveries and immediate payment was reported. Available wheat in Rosario saw weekly increases totaling 3.4%, closing at USD 185/ton (last fortnight: 179; last month: 166). Peso denominated-prices rose by 4.4%, closing at ARS 162,000/ton. Prices in Necochea and Bahía Blanca hovered around ARS 168,000/ton. Local futures in dollars rose slightly, and the contract closed April 2024 at USD 184.4/ton. September 2024 contract closed +3% higher at USD 176/ton. The April 2025 position started trading at USD 179.5/ton. Harvest projection stood unchanged at 49.5 MMT.

Crop Yield

Corn yield for the current harvest at the available price of USD 185/ton, including typical yields and modal technology, resulted in indicative gross margins of USD 320 and USD 534/ha. July 2024 contract was little attractive, paying USD 176/ton (Chart 1).

Harvest projection

According to the Buenos Aires Grain Exchange, as of April 24, 2024, corn harvest area of 17.2 Mha progressed to 19.8%, slowed by rainfall. The national average yield was of 88.5 qq/ha, and projection settled unchanged at 49.5 MMT. Harvesting in the central region reached 90%, with a yield of 102 qq/ha.

SOYBEAN

Available wheat price closed 1.2% lower at USD 426/ton (last fortnight: 431.4; last month: 436). Soybean oil net prices closed -3.3% lower at USD 990/ton (last fortnight: 1024; last month: 1063). In turn, soybean meal net prices closed 2% higher at USD 375/ton (last fortnight: 369; last month: 374).

The Supply and Demand Balance for both the global and US markets in April 2024 resulted in a more comfortable situation, marked by record production and a strong recovery of stocks. Under pressure due to bullish news, hedge funds sharply reduced their net short positions, which was bearish for the market. The local harvest projection by the Buenos Aires Grain Exchange declined by 2.5 MMT to 50 MMT.

International Market

Last Fortnight Prices

During the last fortnight (April 12-26), May 2024 soybean grain futures prices in the US kept posting larger drops than rises, closing the week -1.2% higher at USD 426/ton (last fortnight: 431.4; last month: 436). Soybean oil net prices declined by -3.3% to USD 990/ton (last fortnight: 1024; last month: 1063). In turn, soybean meal net prices closed 2% higher at USD 375/ton (last fortnight: 369; last month: 374). The ongoing conflict in the Middle East, with Israel's attacks and ship transit difficulties in the Strait of Hormuz, has driven up crude oil and other oil components. Another bullish factor are the rains in South America, which continue delaying harvesting and the commercial sale of soybeans and corn in Brazil and Argentina. According to the IGC, the global supply and demand balance forecasts for 2024/25 showed a more comfortable situation, marked by record production and a recovery of stocks. Hedge funds reversed their net short positions, which was bullish for the market. The price trend for soybean grain was sideways, closing USD 4 below the 4-week average of USD 430/ton.

International News

The reversal of funds holding sales in order to reduce their short-term sold contracts was headline news. This publication is delayed, but the closing weeks were similarly bullish for soybeans and corn. In the previous two months, commodities funds were net sellers of soybeans and soybean meal futures.

Oil prices rose on Friday, and were close to finishing the week on the rise, after two consecutive weeks of losses. The soybean market in the US continues to face pressure after the country's weekly export sales report showed reduced external demand. China's absence from the US market has resulted in low sales volumes to that destination.

SOYBEAN

Expectations are high for the USDA's Supply and Demand Report for May-24, including the first official estimate for the 24/25 soybean planting and production. The Outlook Forum for the 2024/25 campaign projected US production at 123 MMT vs. 113 in the 2023/24 campaign. In turn, the IGC April 2024 report estimated a more comfortable annual balance, featuring record production and a recovery of stocks.

The ongoing conflict in the Middle East, with Israel's attacks and ship transit difficulties in the Strait of Hormuz, has driven up crude oil and other key supply prices, making trade more expensive and challenging. The commodities market in general has shown increases driven by the exacerbated conflict.

Stronger crude oil futures make palm oil a more attractive option for biodiesel production, competing with soybean oil.

Soybean crushing in the US is prioritized for biofuel use, resorting to bean imports. Persistent rains have led to projections and delays in South American harvests, particularly in Argentina, which recently settled around 50 MMT.

The uncertainty about the climate with delayed rains in the US spring and excesses in the South American harvest dominate the scenario and are relevant bullish or bearish arguments.

Fundamentals Analysis. 2023/24 Soybeans. USDA WASDE, IGC GMR, April 2024.

According to the USDA WASDE report as of April 11, US 2023/24 production indicators were slightly changed. A production decline of -2.5% to 113.3 MMT was projected (2022/23: 116.2). Exports declined by almost -15% to 46.3 MMT (2022/23: 54.2). Total use rose +4.3% to 65.7 (2022/23: 62.9). Ending stocks would close +29% higher at 9.3 MMT versus 7.2 in 2021/23. Despite decreases in production and exports, coupled with increases in use, soybean reserves grew, exerting downward pressure on soybean prices. Market alerts focused on the 2024/25 cycle estimates to be released by the said source on next May 12th.

SOYBEAN

According to the IGC GMR 548 report as of April 18-24, for the global level and the 2024/25 cycle, a sharp year-over-year increase of +5.9% in production to a new record of 413 MMT was projected (2023/24: 390). Exports rose 3% to 172 MMT (2023/24: 167). Total use rose 5.8% to 404 MMT (2023/24: 382). Thus, the balance for the 24/25 cycle would close with a significant increase in stock, up by 12% to 75 MMT (2023/24: 67), the highest levels since 2018/19. The stock-to-use ratio would grow to 18.6% (2023/24: 17.5). With a more comfortable year-over-year balance since 2017/18, similar increases in production and use, along with a strong rise in stocks, this scenario was bearish for future soybean prices (Table 3).

Local Market

Last Fortnight Prices

Over the last fortnight, the local market displayed mild net declines of -1.4% in dollars and -0.4% in pesos. The urgent need purchases by factories and rainfall delaying the harvest toned up the values, which closed at ARS 254,000. For contractual delivery and price fixing, ARS 254,000/ton was paid, while delivery in May with immediate payment was negotiated at USD 252,000/ton. The available Rosario price at the Matba closed at USD 290/ton and ARS 254,000/ton. For May 2024 harvest, declines of -0.6% were reported, with prices closing at USD 291/ton. Sales for fixing prices and/or transactions for months away from harvest or beyond improved. Trading is still fairly below the average.

Crop Yield

Corn profitability for the current harvest at the available price of USD 290/ton, with typical yields and modal technology, offered indicative gross margins of USD 285 and USD 482/ha. July 2024 contract appeared unattractive, paying USD 291/ton, while September 2024 contract paid USD 301/ton (Table 1).

Harvest projection

According to the Buenos Aires Grain Exchange, as of April 24, 2024, the soybean harvest progressed to 25.5% (22% behind the average) of the 17.3 Mha total area. Yields in the northern and southern core areas settled at 40 and 39.4 qq/ha. The projection settled unchanged at 51 MMT.

VEGETABLE OILS

In the realm of vegetable oils market dynamics, biweekly price assessments in Rotterdam and major port facilities demonstrated a net decline of -2.1%. The decline was predominantly led by palm oil and soybeans. Mean prices fell below the floor of USD 1000, closing at USD 985/ton (last fortnight: 1006; last month: 1013). Sunflower harvest ended with a total area of 1.85 Mha, a yield of 20.4 qq/ha and production settling unchanged at 3.6 MMT.

International Market

Last Fortnight Prices

During the last fortnight (April 12-26, 2024), average prices of vegetable oils in Rotterdam and major exporting ports showed smaller rises than drops, resulting in net declines of -2.1%. In Rotterdam, the decline was predominantly led by palm oil and soybeans. Mean prices fell from the previous floor of USD 1000/ton, the average index closing at USD 985/ton (last fortnight: 1006; last month: 1013). As we can see, the rise in crude oil and the conflict in the Middle East have not led to short-term increases in oil prices. The trend was bearish and ended USD 34 below the 4-week average of USD 1019/ton.

International News

According to Oil World April reports, the global soybean oil supply and demand prospects will change in 2024. A recovery is expected in Argentina while in Brazil's the recovery is expected to be less significant due to its higher use.

World crushing of 10 oilseeds reached 127.3 MMT in January/March 2024, up 6.0% from the previous year. Expectations have been exceeded by soybean (in the US, Argentina, Brazil, and China), as well as by seed sunflower in Russia, Ukraine, and Argentina.

Global soybean milling increased by 8% year-on-year to 5.7 MMT in January/March 2024. Seed oils demand increased, given the decline in palm oil production and exports, exceeding expectations due to strong demand for biodiesel. This, in turn, boosted soybean meal supply by 3 MMT, creating carryover stocks. Soybean oil demand increased by 50% due to insufficient supply of other oils.

Sunflower oil exports peaked and began to decline. There is a strengthening of prices for soybean and palm oil.

VEGETABLE OILS

Growing demand for non-GMO soybeans is driving production in Africa, which reached a record 6.5 MMT in 2022/23, compared to 2.5 million tons ten years ago.

Biodiesel/HVO production is expected to reach a record 62.5 MMT Jan/Dec-24, driven by support policies from key producing countries like the USA, Brazil, and Indonesia. Biofuels have led the growth in oil demand over the past four seasons, surpassing the slow growth in agri-food demand.

In Brazil, soybean and meal exports are accelerating, while the US is losing market share. In Argentina, soybean milling and oil and meal exports increased sharply in Mar-24.

Oilseed crushing will accelerate worldwide in 2024. World crushing of the 10 oilseeds reached 127.3 MMT in January-March 2024, up 6.0% from the same period the previous year. It was reported that vegetable oil stocks are decreasing in China due to high palm oil prices. Palm oil imports plummeted by 28% year-on-year to 662 TMT in the first two months of 2024, which is insufficient to meet demand.

Se informó que las existencias de aceites vegetales disminuyen en China por altos precios del aceite de palma. Las importaciones de aceite de palma se desplomaron 28% interanual hasta 662 mil toneladas los primeros dos meses de 2024, insuficientes para cubrir la demanda.

2023/24 Vegetable Oils Market. WASDE USDA, April 2024.

According to the USDA's April 11th WASDE report for the 23/24 cycle, the global market for vegetable oils anticipates a year-over-year increase in production of 2.3% to 223 MMT, with exports rising by 0.4% to 89 MMT. Furthermore, there's an expected record employment of 3.5% to 218 MMT and a slight decrease in reserves of -0.8% to 31 MMT. The global balance would close with a stock-to-use ratio of 14.3% vs 2022/23's 14.9%. Sunflower oil production, in turn, increased by 0.6% to 21.8 MMT year-over-year (2022/23: 21.7). Exports are expected to increase 1.3% to 14.5 MMT (2022/23: 14.3), while total use increases by +5.2% to 20.6 MMT (2022/23: 19.6), resulting in a stock of -19.6% 2.4 MMT (2022/23: 2.9). The stock-to-use ratio would remain at 11.5% compared to 15.1% in the 2022/23 cycle, which was bullish for prices.

VEGETABLE OILS

Local Market

During the last fortnight, global markets for oils remained stable to bearish, with sunflower oil showing the most significant gains. In the Rosario Exchange, the tentative market gained 3.4% with prices closing at USD 300/ton, and with available prices closing at ARS 260,000/ton.

Sunflower Yield

Crop profitability sunflower price 2023/24 harvest, considering yields of 18 and 25 qq/ha, and with the price of the current harvest stockpiling paid USD 300/ton, yielded an indicative gross margin of USD 119-273/ha (Chart 1).

Sunflower Harvest Projections

According to the Buenos Aires Grain Exchange, as at April 11, 2023/24 sunflower harvest amounted to area of 1.85 Mha and a 20.2 qq/ha yield. Exports stood at 3.6 MMT.

CHARTS

Chart 1.
Crop Gross Margins. Northern Buenos. Aires. Argentina. In USD/ha.

Fecha 26/04/24		TRIGO		GIRASOL		MAÍZ		SOJA	
Yield	qq/ha	35	45	18	25	75	95	28	38
Future price	u\$/qq	23.3	23.3	30	30	18.5	18.5	29	29
Gross income	u\$/Ha	816	1049	540	750	1388	1758	812	1102
Selling expenses	%/IB	25	25	18	18	35	35	24	24
Net Income	u\$/Ha	612	786	443	615	902	1142	617	838
Tillage	u\$/Ha	70	70	66	66	65	65	85	85
Seed	u\$/Ha	66	66	69	69	168	168	54	54
Urea, FDA	u\$/Ha	174	174	88	88	154	154	70	70
Agrochemicals	u\$/Ha	49	49	52	52	98	98	58	58
Harvest	u\$/Ha	73	94	49	68	97	123	65	88
Direct costs	u\$/Ha	-432	-453	-324	-343	-582	-608	-332	-355
Gross margin	u\$/Ha	179	333	119	273	320	534	285	482
PLANTING PERCENTAGE				230			197		339
GM-40%GI	u\$/Ha	-147	-86	-97	-28	-235	-169	-40	42
LEASE									
Average rent	qq/Ha	10	10	9	9	20	20	13	13
GM-Rent	u\$/Ha	-54	100	-151	3	-50	164	-92	105

Note: Prices without VAT, short-distance freight 20 KM, long-distance freight 200 km. Source: report data

CHARTS

**Table 1.
Wheat World Supply and Demand. In MMT.**

GMR	21/22	22/23	23/24	24/25	
Wheat				14- Mar	18-Apr
Production	780	803	789	799	798
Trade	198	207	203	196	197
Consumption	784	794	806	804	803
Ending Stock	272	281	264	262	259
S/C %	34.7	35.4	32.8	32.6	32.3

Source: IGC GMR. April 18, 2024

**Table 2.
Corn World Supply and Demand. In MMT.**

GMR	21/22	22/23	23/24	24/25	
Corn				14- Mar	18-Apr
Production	1224	1163	1223	1233	1226
Trade	180	178	182	179	177
Consumption	1213	1181	1212	1230	1223
Ending Stock	296	278	289	297	291
S/C %	24.4	23.5	23.8	24.1	23.8

Source: IGC GMR. April 18, 2024

CHARTS

Table 3.
Soybeans World Supply and Demand. In MMT.

GMR	21/22	22/23	23/24	24/25	
Soybeans				14-Mar	18-Apr
Production	357	375	390	413	413
Trade	156	172	167	172	172
Consumption	360	369	382	404	404
Ending Stock	53	58	67	75	75
S/C %	14.7	15.7	17.5	18.6	18.5

Source: IGC GMR. April 18, 2024

Table 4.
Total Grains World Supply and Demand. In MMT.

Total Grains	21/22	22/23	23/24	24/25	
Total Grains				14-Mar	18-Apr
Production	2294	2266	2301	2332	2322
Trade	426	426	427	419	418
Consumption	2293	2274	2310	2331	2321
Ending Stock	608	600	591	601	592
S/C %	26.5	26.4	25.6	25.8	25.5

Source: IGC GMR. April 18, 2024.

***Report issued by Reinaldo R. Muñoz for Control Union Argentina S.A**