

14-05-2024 - PERIOD:
26/04/2024 A 10/05/2024

Argentina Agri Market Report

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14-05-2024 - Period: 26/04/2024 to 10/05/2024

Data in this report refers to the last fortnight (April 26 - May 10). 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 a bullish note across all commodities. Adverse weather conditions in the Northern Hemisphere impacted ongoing crops with delays and uncertainties, leading wheat to end up with significant increases.

USDA's May 10 monthly supply and demand report gave the first official data for 2024/25. It shows a significant increase in world soybean ending stocks, while there was a slight decrease in corn ending stocks. At the same time, it also showed ending stocks, as well as production, for the US. In the US, a significant increase in soybeans is expected, to the detriment of corn, also confirming anticipated decreases and increases in planted areas among these crops. As for South America, soybeans stood out, with a record estimate for Brazil of 169 MMT which, together with that of Argentina and other countries, would give a record supply of almost 240 MMT, surpassing the highest estimate of almost 199 MMT of 2020/21. Thus, soybeans had the most impacting world forecast, with a recomposition of carryovers and a potential bearish scenario for the oilseed. With respect to wheat, a higher than expected global adjustment was shown, projecting another season with lower ending stocks than the previous one. At the same time, a significant drop in production in Russia, Ukraine and the EU was projected, which affected the market, leading to a strong recovery in prices.

Despite the USDA's May 24/25 warnings regarding the next cycle, for the world grain total, there would not be an overproduction, but a continued stability. This is reflected in the total global carryover figures for 2024/25: soybean ending stocks settled up by 15% at 128.5 MMT (2023/24: 111.8), corn settled unchanged at 312.3 MMT (2023/24: 313.1), and wheat settled down by 2% to 253.6 MMT (2023/24: 257.8).

Hedge funds, which had amassed significant short positions, began to buy, almost halving their short positions and thereby strengthening prices, particularly for corn and wheat.

Similarly, it's worth noting for this initial report of 2024/25, whose harvest will be completed by the end of 2025, that the entire crop development process is still ahead, and uncertainties regarding total demand growth, trade levels, usage/consumption, and the final adjustment of carryovers need to be clarified. However, price increases are necessary to restore income and global production.

SUMMARY

For the last fortnight (April 26 - May 10), nearby contracts' prices in the Chicago market showed significant increases for wheat, corn, and soybeans. Soybean gained USD 16 to USD 443/ton, soybean oil declined by USD 25 to USD 966/ton, and soybean meal gained USD 30 to USD 40/ton. Corn rose USD 6 to USD 179 /ton. Chicago wheat gained USD 19 to USD 237/ton, and Kansas wheat gained USD 19 to USD 256/ton. In turn, vegetable oils rose by USD 18 to USD 1989.5/ton, on average.

Wheat, Corn and Soybean Crop Condition in the US.

According to USDA as of May 6, US 2024/25 corn and soybean plantings advanced to 36% and 25% of the projected area, close to expectations and the average of 39% and 21%, respectively. Spring wheat plantings are 47% above expectations and above average, respectively. Winter wheat is 50% in good to excellent condition, ahead of last year's 29% and above average 40%. Wheat is 43% gleaning, ahead of 32% average. Drought fears persist in the plains and were a bullish factor for prices.

US Wheat, Corn and Soybean Weekly Exports

According to the USDA as of May 2, 2024, US weekly soybean exports totaled 0.433 MMT, its largest part of 2023/24 cycle of 0.429 MMT, and neutral within the expected range of 0.25-0.6 MMT; 2023/24 weekly corn exports were likewise neutral totaling 0.938 MMT and within the expected 0.6-1.1 MMT trade estimates. Finally, wheat exports settled at 4 and 406 TMT for the respective crops and neutral in the overall figures, standing within the expected range of 0.2-0.6. This change that strengthened and allowed price adjustments that became strongly bullish for prices, was significant.

US hedge funds

According to the Investment Funds Control Commission (CFTC) as of 7/05/24 and for soybeans, hedge funds bought 11.16 MMT, and cut their net short position to -10.88 MMT (previous: -21.9), an upward movement equivalent to a net interest rate of -8.4% (previous week: -17.8%). Corn strong purchases totaled 11.61 MMT, with a decrease in the net long position to -17.63 MMT (previous: -28.94), indicating a sharp bullish movement equivalent to a rate of -7.3% (last week: -12.7). Wheat net purchases totaled 0.93 MMT, and their net short position was cut to -10.76 MMT (previous position: -11.69), i.e. a bullish movement equivalent to a rate of -17.6% (versus -20.3% the previous week). Balances were tight, signaling a recent shift away from bearish dominance as short positions and nearby contracts were exited. Finally, index funds (wheat, corn and soybeans) widened their net long position by 6.63 MMT, closing at 79.43 MMT.

SUMMARY

Argentine Overview

Trading continues with the agricultural dollar close to the official rate, and trading in futures with available goods are in line with the board. Decision-making processes continue to experience delayed sales, falling behind annual averages.

The harvest progressed, and soybean availability saw premiums that tapered off towards the week's end. Soybean prices reached USD 270,000/ton. In the case of corn, harvest estimates for 2023/24 were lowered to 46.5 MMT.

Corn availability improved to around USD 165000/ton. Wheat market prices rose sharply to USD 220,000/ton, with higher figures expected for the months of the 2024/25 campaign.

There was also activity in input trading and some optimism relating to cereal.

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.

Wheat prices rose to \$210,000/ton, with new crop wheat trading term at USD 233/ton. For the upcoming season, there was an improvement in the input-output ratio due to harvest price increases. Additionally, tax rates for fertilizers and herbicides were formalized, potentially leading to further reductions in input costs. Exceptional moisture profiles are benefiting plantings, exceeding reserves from 2021/2022, making it the best wheat season.

The Buenos Aires Cereal Exchange estimated a 5% increase to 6.2 Mha and a 20% production increase to 18.1 MMT for wheat.

WHEAT

Wheat prices showed bi-weekly increases, outpacing other grains, with net gains for Chicago wheat at +7.2% to USD 237.6/ton. KCBT prices also saw a +7.7% rise, closing at USD 256.2/ton, These were the highest levels since January 2024. The market was propelled by negative forecasts in the US, drought in Russia, and crop losses in European regions. The May USDA report estimated a tighter global balance, prompting fund short positions to exit with strong purchases that invigorated the market. The outlook for Argentina improved with prices, and planting for the 2024/25 season could match the 6.2 Mha of the previous year. The USDA estimated local harvest at 21 MMT.

International Market

Last Fortnight Prices

During the last fortnight (April 26 - May 10), wheat futures prices in Chicago (May 2024) kept posting weekly rises, surpassing other grains, accumulating +7.2% net gains at the CBOT, with prices closing at USD 237.6/ton. KCBT prices also saw a +7.7% rise, closing at USD 256.2/ton, the highest levels since January 2024. The market was propelled by negative forecasts in the US, drought in Russia, and crop losses in European regions. The May USDA report estimated a tighter balance, prompting fund short positions to exit with purchases that invigorated the market. Ending stocks would close the 2024/25 marketing year -1.6% lower at 254 MMT (2023/24: 258), 9-year low. The stocks-to-use ratio would fall to 31.6% (2023/24: 32.2). The year-on-year balance was tight, coupled with declines in trade and stocks, and with futures prices being bullish. US weekly exports met expectations. The price trend was raised, closing USD 17 and USD 20 above the 20-day average of USD 237 and USD 256/ton for the CBOT and KCBT, respectively.

Headline News

The dry weather and frosts in wheat-producing regions of Russia and Eastern Europe, as well as the US were headline news, drawing attention to the spring weather prevailing for crops in the northern hemisphere.

These effects led to downward revisions in wheat production forecasts for 2024/2025 and short-covering among investment funds, unleashing a buying spree. Closing prices at around USD 240/ton were the highest in the current year and since October 2024.

Wheat price increases in Chicago for the week were more than 6%, and over three weeks they were nearly 20%. This marked the highest weekly gain in two and a half years.

Russian production forecasts indicated the need for some replanting in areas due to late

WHEAT

Russian production forecasts indicated the need for some replanting in areas due to late frosts.

The European Commission lowered its forecast for the EU's main wheat harvest in 2024/25 to a new low and indicated a larger-than-expected drop in the planted area.

However, bearish price factors persist as Ukraine continues to export stocks. Along with Russia, carryovers of the 2023/2024 harvest, and the impending 2024/2025 harvest, prices may decline again.

Estimates for the US for the 2024/2025 cycle indicated an increase to 51 MMT, versus record harvests at 49 MMT in recent seasons. The USDA's latest report indicated an oversupply despite increased exports, similar use, and an increase in ending stocks. This would be clearly bearish for prices. However, these projections are subject to the final outcomes of the campaign.

Ending stocks would close the 2024/25 marketing year lower at 254 MMT (2023/24: 258), a 9-year low. The stocks-to-use ratio would fall to 31.6% (2023/24: 32.2). The year-on-year balance was tight, coupled with declines in trade and stocks, and with futures prices being neutral to bullish. US weekly exports met expectations.

The USDA's outlook for Argentina's wheat in the new 2024/25 season anticipates 21 MMT, a figure that came as a surprise and is not supported by the economic situation, area perspectives, and technology use.

Fundamentals Analysis. 2024/25 Wheat. USDA WASDE, May 2024.

According to the USDA WASDE report, as of May 10, US 2023/24 marketing year indicators were unchanged. Production settled +2.5% higher at 50.6 MMT year-on-year (2023/24: 49.3). Exports rose by 7.6% to 21.1 MMT (2023/24: 19.6). Total use rose +0.9% to 30.6 MMT (2023/24: 30.3). The annual balance, with in its indicators, closed +11.5% higher at 20.9 MMT (2023/24: 18.7). The stocks-to-use ratio would rise to 69.2% versus 61.7% in the preceding marketing year. The balance closed with strongly higher carryover stocks, which was bearish for cereal prices. Nonetheless, this is the first report of the new 2024/25 cycle, and the data is provisional.

According to the report, global 2024/25 production rose +1.3% to 798 MMT (2023/24: 788). Exports are expected to decrease by -1.7% to 215 MMT (2023/24: 219). Total use rose by

WHEAT

According to the report, global 2024/25 production rose +1.3% to 798 MMT (2023/24: 788). Exports are expected to decrease by -1.7% to 215 MMT (2023/24: 219). Total use rose by barely 03% to 802.4 MMT (2023/24: 800.3). Ending stocks would close the 2024/25 marketing year -1.6% lower at 254 MMT (2023/24: 258), a 9-year low. The stocks-to-use ratio would fall to 31.6% (2023/24: 32.2). The year-on-year balance was tight, coupled with declines in trade and stocks, and with futures prices being bullish (Table 1).

Local Market

Last Fortnight Prices.

During the last fortnight, the local market revised estimates, with sharp weekly increases and gains surpassing other grains. Local price rose, settling close to the external reference, and stimulating immediate sales and/or price fixing for future months. The price of available wheat in dollars in Rosario rose by almost 7% to close at USD 249/ton (last fortnight: USD 233; last month: USD 208). Peso-denominated prices closed similarly up by 7.8% at ARS 204,000/ton. July and Jan 2024 harvest position increased to USD 254 and USD 236/ton, respectively, These projections have improved yield forecasts for the crop, which are crucial for input utilization in technology.

Yields

Available wheat yield for the current harvest settled at USD 249/ton, with standard yields and modal technology, translating into provisional gross margins ranging between USD 216 to 381/ha. July 2024 contract appeared more enticing, with prices being fixed at USD 253/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. The USDA's projection in May 2024 was 16 MMT.

CORN

Biweekly corn prices in Chicago reached 3.5% weekly gains, closing at USD 179/ton (last fortnight: 173; last month: 172). According to the USDA's May 2024 report, for the global 2024/25 cycle, there is an expected decline in US production due to reduced planting, resulting in a slight global adjustment with decreased exports and similar ending stocks to the preceding cycle. US weekly exports settled within trade estimates. Investment funds were highly active, reversing positions and making strong purchases to exit sold positions, driving prices up. The local harvest progressed to 23.4%, delayed by rains. The average yield was 86.8 qq/ha. The projection stood unchanged at 46.5 MMT.

International Market

Last Fortnight Prices

During the last fortnight (April 26/ 04-10), corn futures prices (May 2024) in Chicago accumulated 3.5% weekly rises, closing at USD 173.3/ton (last fortnight: 173.3; last month: 171.5). The USDA also predicts a decrease in US production for the global 2024/25 cycle due to reduced planting, resulting in a slight global adjustment with decreased exports and similar ending stocks to the preceding cycle. Ongoing conflicts have a significant impact on the market, leading to increases in oil prices and logistical challenges in commercial transportation. Additionally, pressures from China on its pork industry and from Europe result in reduced demand for feed grain. US weekly exports settled within trade estimates. Investment funds were highly active, reversing positions and making purchases to exit sold positions. Price trends remained sideways, closing USD 1 above the twenty-day average of USD 178/ton.

Global News

The initial estimate for the 2024/25 cycle was significant news, confirming changing forecasts between corn and soybeans due to changes in planting area, totaling almost 2 Mha from one crop to another.

Dry weather persists in the Northern Hemisphere during spring, affecting initially optimistic production forecasts.

In the US, corn production decreased from 390 to 377 MMT, while soybean production increased from 113 to 121 MMT, shifting from the previous year's corn record to almost a new soybean record in the new cycle.

CORN

Cool temperatures in the US may hinder planting for both crops, which are already somewhat delayed.

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

The year-on-year balance of global corn supply and demand stopped its production growth, remaining comfortably steady, with trade decreasing and a slight stock recovery. This was neutral to bearish for future prices as it lost its momentum compared to other grains.

The impact of the global pork sector's demand is noteworthy, with China reducing its sow production and farm closures due to poor profitability, directly affecting forage imports.

The ongoing maize pest in Argentina, the Leafhopper, and its virus with a deforming effect on plants and significant losses are also important news. Technical meetings between countries have begun to prevent the spread of the virus. Currently, there are no restrictions on grain exports.

Oil World commented on the oversupply of soybean meal, a protein component of animal feed, due to accelerated soybean crushing, primarily for alternative oil production, given the shortage of palm supply for the biodiesel industry.

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

Fundamentals Analysis. 2024/25 Corn. USDA WASDE, May 2024.

The USDA WASDE report as of May 10 showed changes for the US 2023/25 marketing year. The planted area was confirmed and production declined by -3.1% to 377 MMT (2023/24: 390). Exports rose +23% to 55.9 MMT (2023/24: 54.6). Total use increased 0.4% to 320 MMT. The balance closed +3.6% higher at 53.4 MMT (2023/24: 51.4), the highest level since 2018/19. The stocks-to-use ratio would rise to 16.7% versus 16.0% in the preceding cycle.

This balance strengthened supply with a mild stock strengthening and had a bearish effect on prices.

CORN

According to said report, global 24/25 production declined by -0.7% to 1220 MMT (2023/24: 1228). Exports declined by -1.2% to 193 MMT (2023/24: 195). Total use rose by barely 0.4% to 1221 MMT (2023/24: 1216). Ending stocks would close 2024/25 with marginal year-on-year -0.3% decline at 212 MMT (2023/24: 313). The stock-to-use ratio settled unchanged at 25.6% (2023/24: 25.8). The year-over-year balance would be comfortable, with trade closing lower and stocks showing a mild recovery, resulting in a neutral to bearish outlook for feed grain futures prices (Table 2).

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 end of rains and progress in harvesting exerted some supply pressure, leading to lower prices for corn and soybeans towards the close. Available supplies in Rosario saw weekly increases of 2.7%, closing at USD 190/ton (last fortnight: USD 185; last month: USD 179). Peso denominated-prices rose by 4.1%, closing at ARS 168,000/ton. Local futures in dollars rose slightly, and the contract closed April 2025 at USD 185/ton. Harvest projection declined by -3 MMT to 46.5 MMT.

Crop Yield

Corn yield for the current harvest at the available price of USD 190/ton, including typical yields and modal technology, resulted in indicative gross margins of USD 585 and USD 611/ha. July 2024 contract was little attractive, paying USD 180/ton (Chart 1).

Harvest projection

According to the Buenos Aires Grain Exchange, as of May 09, 2024, corn harvest area of 17.2 Mha progressed to 23.4%, slowed by rainfall. The average yield was 86.8 qq /ha, with some regions in the Center and North initiating to prevent overturning. The projection settled unchanged at 46.5 MMT.

SOYBEAN

Available wheat price closed 3.9% rise at USD 443/ton (last fortnight: 426; last month: 431). Soybean oil net declined by -2.2% to USD 996/ton (last fortnight: 990; last month: 1024). Soybean meal net prices closed 8% higher at USD 404.5/ton (last fortnight: 375; last month: 376). The balance for the US and global market in 2024/25 was almost a record in terms of production, with a recovery in stocks surpassing other grains. Hedge funds sharply reversed their net short positions, which was fairly bullish for the market. Harvest projection stands stood unchanged at 51 MMT;

International Market

Last Fortnight Prices

During the last fortnight (April 26 - May 10), May 2024 soybean grain futures prices in the US kept posting rises week-over-week, closing 3.9% higher at USD 443/ton (last fortnight: 426; last month: 431). Soybean oil net prices declined by -2.2% to USD 966/ton (last fortnight: 990; last month: 1024). In turn, soybean meal net prices recovered by 7.8% to USD 404.5/ton (last fortnight: 375; last month: 376). Another bullish factor were the rains in South America causing harvest delays and impacting the commercial release of soybeans, along with flooding in Brazil, particularly Porto Alegre, affecting the departure of harvest ships. According to USDA projections for 24/25, both the US and global balance sheets showed nearly record-high production levels and stock recoveries surpassing those of other grains. Hedge funds made a strong reversal, switching from net selling to net buying positions, which significantly bolstered the market. The price trend for soybeans was mildly bullish, closing \$8 above the four-week average of USD 435/ton.

International News

In international news, a noteworthy development was the reversal of fund positions in Chicago, with substantial purchases aimed at reducing short-term contracts. This had a bullish effect on all grains, especially soybeans and corn. It's worth noting that commodity funds had been net sellers of soybean and soybean meal futures for several months prior.

Soybean oil prices recovered in the US but are still undervalued. Soybean and soybean meal futures are deemed overvalued following the surge in technically driven buying on the CBOT (aimed at reducing short positions).

SOYBEAN

The USDA's May-24 Supply and Demand Report had a significant impact, as it provided the first official estimate for the new 24/25 cycle soybean production. The report projected US production at 121 MMT, versus 113 MMT in the 2023/24 campaign. While not reaching a record, production matched previous years' highs.

Changes in planting area favoring soybeans and reducing corn, as reported since the March 2024 planting reports, were confirmed in planting data.

With stronger crude oil futures, palm oil emerges as an attractive alternative for biodiesel feedstock, directly competing with soybean oil.

The US soybean crushing industry primarily prioritized biofuel production, leading to last season's reliance on soybean imports for this purpose.

Rainfall has led to downward revisions in projections and delays in South American harvests. In recent weeks, serious flooding in the Porto Alegre area of Brazil has further disrupted transportation logistics and hampered loading or damaged goods.

The delayed spring rains in the US and excessive rainfall over the South American harvest dominated the scene, providing a significant bullish argument.

Fundamentals Analysis. 2024/25 Soybeans. USDA WASDE, May 2024.

According to the USDA's May-10 WASDE report for the 24/25 cycle in the US, there were slight changes in planted corn acreage. Production was estimated to increase by 7% year-on-year to 121.1 MMT (from 113.3 MMT in the 23/24 cycle). Exports were projected to rise by 7.3% to 49.7 MMT (from 46.3 MMT in 2023/24). Total usage was expected to grow by 5% to 69 MMT (from 65.7 MMT in the 23/24 cycle). Consequently, the closing balance would show a stock increase of 31% to 12.1 MMT compared to 9.3 MMT in the 23/24 cycle. The strong upward movement of indicators increased their reserves and were bearish for soybean prices. This was expected for 2024/25 due to changes in planting intentions.

SOYBEAN

As per the same report, for the global level and the 2024/25 cycle, the largest increase among grains was estimated, with production expected to rise by 6.4% to a record 422.3 MMT (from 397 MMT in the 23/24 cycle). Exports rose 4.5% to 180 MMT (2023/24: 172.5). Total use rose 4.8% to 402 MMT (2023/24: 383.5). Thus, the balance for the 24/25 cycle would close with a significant increase in stock, up by 15% to 128.5 MMT (2023/24: 111.8), the highest levels since 18/19. The stock-to-use ratio would grow to 32% (2023/24: 29.2). With the most comfortable year-on-year balance since 2017/18 and a significant increase in stocks, the outlook turned bearish for future oilseed prices (Table 3).

Local Market

Last Fortnight Prices

During the last fortnight, the local market saw robust increases in spot prices, with net gains in both dollar and peso terms, marking up by 5% and 5.6% respectively. Pressure from the harvest on factories eased somewhat, bolstering values to ARS 275,000 in the final week. Contracts and fixations fetched ARS 268,000 \$/t, while immediate-payment May deliveries were traded at ARS 265,000/t. The available Rosario price at the Matba closed at USD 3'5/ton and ARS 268,500/ton. May 2024 harvest contracts witnessed upticks, closing at 307 USD/t. Sales for fixing prices and/or transactions for months away from harvest or beyond improved. Trading is still fairly below the average.

Crop Yield

Based on prevailing prices of USD 305/ton for the current harvest, along with standard yields and modal technology, indicative gross margins stood at USD 314 and 521/ha. July 2024 contract was little attractive, paying USD 310/ton (Chart 1).

Harvest projection

According to the Buenos Aires Grain Exchange, as of May 09, 2024, the soybean harvest progressed to 47.8% (first crop: 26%; second crop: 56%) of the 17.3 Mha total area. The average yield is 32.1 quintals per ha. The projection settled unchanged at 51 MMT.

VEGETABLE OILS

In the vegetable oils market, fortnightly quotations in Rotterdam and major ports registered net gains of 1.9%, led by increases in palm and sunflower oils. Despite this, average prices remained below the thousand-dollar mark per ton, with the average index closing at USD 989.5/ton (last fortnight: 972; last month: 1006). Domestic sunflower harvest concluded with 1.85 Mha planted area and production holding steady at 3.6 Mt.

International Market

Last Fortnight Prices

Over the last fortnight (April 26 - May 10), average quotations for vegetable oils in Rotterdam and key exporting ports showed fewer weekly increases than decreases, resulting in a net gain of 1.9%. Palm and sunflower oils led the increases in Rotterdam. Mean prices continued below of USD 1000/ton, the average index closing at USD 985/ton (last fortnight: 972; last month: 1006). The trend tilted slightly downward, closing USD 15 below the four-week average at USD 1004/ton.

International News

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.

The significant soybean crushing in 2024 has boosted oil production to replace the bulkier palm oil, given the declining production in Indonesia and Malaysia. These supplies were directed towards biodiesel production in various countries, including the US. However, this has resulted in an oversupply of soybean meal, as demand hasn't kept pace with the oil output. Consequently, this has led to lower prices for soybean meal, further weakened by reduced pork, poultry, and beef production in Asia and Europe.

According to Oil World May 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. The severe flooding in Rio Grande do Sul may have damaged or destroyed a significant portion of the 5 MMT of soybeans still to be harvested. Additionally, commercial shipments to that region are hampered by the expected difficult access to ports.

VEGETABLE OILS

Soybean oil prices recovered in the US but are still undervalued. Soybean and soybean meal futures are considered overvalued after a technically-driven buying spree on the CBOT aimed at reducing short positions.

Argentinian biodiesel production is rebounding in the April-June 2024 quarter to meet the growing demand from European and North American buyers.

Oil World alerts that weather markets and damage estimates often tend to be inaccurate and exaggerated.

There is a potential bullish outlook for vegetable oil prices in the coming weeks, led by sunflower oil.

India, China, Pakistan, and other importing countries have increased purchases of palm oil in response to improved price competitiveness.

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.

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

According to the USDA's May 10 WASDE report for the 2024/25 cycle, the global market for vegetable oils anticipates a year-over-year increase in production of 2% to 228 MMT, with exports rising by similar to 88 MMT. Furthermore, there's an expected record employment of +2.8% to 235 MMT and a decrease in reserves of -6% to 30 MMT. The annual balance would end with a stock-to-use ratio of 13.3%, compared to 14.5% in 2023/24 (Table 4). Sunflower oil production, in turn, increased by -0.3% to 23 MMT year-over-year (2023/24: 23.1). Exports are expected to fall -2% to 9.8 MMT (2023/24: 9.9), while total use increases by -1.2% to 22.4 MMT (2023/24: 22.7), resulting in a stock of 0.6% 1.7 MMT (2023/24: 1.7). The stock-to-use ratio would remain in 7.5% compared to 7.3% in the 2023/24 cycle and it was bullish for prices (Table 5).

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 orientative market gained 3.3% with prices closing at USD 310/ton, and with available prices closing at ARS 265,000/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 310/ton, yielded an indicative gross margin of USD 132-291/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.

Date 10/05/24		TRIGO		GIRASOL		MAÍZ		SOJA	
Yield	qq/ha	35	45	18	25	75	95	28	38
Future price	u\$/qq	24.9	24.9	31	31	19	19	30.5	30.5
Gross income	u\$/Ha	872	1121	558	775	1425	1805	854	1159
Selling expenses	%/IB	25	25	18	18	35	35	24	24
Net Income	u\$/Ha	654	840	458	636	926	1173	649	881
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	78	101	50	70	100	126	68	93
Direct costs	u\$/Ha	-437	-460	-325	-345	-585	-611	-335	-360
Gross margin	u\$/Ha	216	381	132	9291	342	562	314	521
PLANTING PERCENTAGE				230			197		339
GM-40%GI	u\$/Ha	-132	-68	-91	-19	-229	-160	-28	58
Gross margin									
PLANTING PERCENTAGE	qq/Ha	10	10	9	9	20	20	13	13
GM-40%GI	u\$/Ha	-33	132	-147	12	-39	182	-83	125

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.**

WHEAT	Area	Yield	Production	Exports	Total Use	Ending Stock	Stock use%
2012/13	216.1	3.06	660.8	145.6	680.3	180.6	26.55%
2013/14	219.8	3.27	718.1	162.5	697.9	200.8	28.77%
2014/15	221.4	3.31	732.1	162	707.1	225.8	31.93%
2015/16	223.4	3.31	739	172.2	716.8	248	34.60%
2016/17	222.5	3.4	757.3	185.7	737.3	268	36.35%
2017/18	218	3.49	760.3	187	740.7	287.6	38.83%
2018/19	214.7	3.4	729.9	178.1	733.4	284.1	38.74%
2019/20	215.2	3.53	759.3	195.1	745.7	297.7	39.92%
2020/21	220.2	3.51	772.7	199.6	786.2	284.2	36.15%
2021/22	221.6	3.52	780.4	205.2	791.4	273.2	34.52%
22/23 /3	219.6	3.59	789.2	216.6	791.9	270.4	34.15%
23/24 /2	222.8	3.54	787.7	219.2	800.3	257.8	32.21%
24/25 (05) /1	222.6	3.59	798.2	215.4	802.4	253.6	31.61%
Monthly Var (1/2)	-0.09%	1.42%	1.33%	-1.73%	0.26%	-1.63%	
Yearly var (1/3)	1.37%	-0.22%	1.14%	-0.55%	1.33%	-6.21%	

Source: USDA Wasde. May 10, 2024

CHARTS

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

CORN	Area	Yield	Production	Exports	Total Use	Ending Stock	Stock use%
2012/13	184	4.9	903.3	100.7	880.8	145.8	16.55%
2013/14	189	5.5	1033.8	130.9	963	216.7	22.50%
2014/15	189.4	5.6	1061	128.8	997.3	280.3	28.11%
2015/16	188.8	5.4	1020.9	145.8	988.3	312.9	31.66%
2016/17	197.2	5.7	1129.2	143.6	1091.7	350.6	32.12%
2017/18	194.2	5.6	1087.1	154.1	1095.6	342.1	31.22%
2018/19	193.2	5.9	1132.8	173.6	1148.9	326	28.37%
2019/20	194.1	5.8	1125.6	175.9	1138.5	313.1	27.50%
2020/21	199.6	5.7	1131.9	184.1	1149.3	295.6	25.72%
2021/22	206.8	5.9	1218.8	193.6	1200.8	313.6	26.12%
22/23 /3	200.9	5.8	1157.9	180.7	1170.6	300.9	25.70%
23/24 /2	203.2	6	1228.1	195.1	1215.9	313.1	25.75%
24/25 (05) /1	201.2	6.1	1219.9	192.7	1220.7	312.3	25.58%
Monthly Var (1/2)	-0.98%	1.67%	-0.67%	-1.23%	0.39%	-0.26%	
Yearly var (1/3)	0.15%	5.17%	5.35%	6.64%	4.28%	3.79%	

Source: USDA Wasde, May 10, 2024

CHARTS

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

SOYBEANS	Area	Yield	Production	Exports	Total Use	Ending Stock	Stock use%
2012/13	110.39	2.44	268.97	100.41	265.43	58.33	21.98%
2013/14	113.22	2.5	283.38	112.8	278.33	63.86	22.94%
2014/15	119.2	2.7	321.51	126.44	303.98	79.31	26.09%
2015/16	120.91	2.61	316.14	132.84	316.96	79.69	25.14%
2016/17	120.59	2.91	350.88	147.74	332.23	95.63	28.78%
2017/18	125.27	2.74	343.82	153.4	340.39	99.83	29.33%
2018/19	126.08	2.88	363.51	149.22	345.78	114.26	33.04%
2019/20	123.57	2.76	341.43	165.82	360.03	95.14	26.43%
2020/21	129.73	2.85	369.22	165.18	367.13	98.26	26.76%
2021/22	131.46	2.74	360.45	154.43	366.18	92.56	25.28%
22/23 /3	136.86	2.76	378.2	172.05	366.05	100.53	27.46%
23/24 /2	139.42	2.85	396.95	172.47	383.53	111.78	29.15%
24/25 (05) /1	143.39	2.94	422.26	180.2	401.74	128.5	31.99%
Monthly Var (1/2)	2.85%	3.43%	6.38%	4.48%	4.75%	14.96%	
Yearly var (1/3)	4.77%	6.57%	11.65%	4.74%	9.75%	27.82%	

Source: USDA Wasde, May 10, 2024

CHARTS

Table 4.
Oils World Supply and Demand. In MMT.

OILS	Crushing	Yield	Production	Exports	Total Use	Ending Stock	Stock use%
2012/13	474.18	0.34	161.22	68.27	157.66	23.53	14.92%
2013/14	504.62	0.34	171.57	70.12	165.91	25.71	15.50%
2014/15	522	0.34	177.48	76.55	169.79	27.03	15.92%
2015/16	518.68	0.34	176.35	73.84	176.94	23.03	13.02%
2016/17	556.29	0.34	189.14	82.01	182.41	23.94	13.12%
2017/18	584.56	0.34	198.75	80.99	190.93	26.89	14.08%
2018/19	601.24	0.34	204.42	86.88	197.99	28.54	14.41%
2019/20	611.74	0.34	207.99	87.17	201.42	30.74	15.26%
2020/21	611.62	0.34	207.95	85.79	204.51	29.58	14.46%
2021/22	613.38	0.34	208.55	79.69	202.84	29.84	14.71%
22/23 /3	642.15	0.34	218.33	88.9	211.26	31.86	15.08%
23/24 /2	658.24	0.34	223.8	88.33	218.86	31.8	14.53%
24/25 (05) /1	671.41	0.34	228.28	88.27	224.91	29.91	13.30%
Monthly Var (1/2)	2.00%	0.00%	2.00%	-0.07%	2.76%	-5.94%	
Yearly var (1/3)	4.56%	0.00%	4.56%	-0.71%	6.46%	-6.12%	

Source: USDA, Wasde May 10, 2024

CHARTS

Table 5.
Sunflower Oil World Supply and Demand. In MMT.

Sunflower Oil	Crushing	Yield	Production	Exports	Total Use	Ending Stock	Stock use%
2012/13	34.59	0.41	14.14	5.14	14.88	0.75	5.04%
2013/14	40.76	0.41	16.84	6.23	15.78	1.39	8.81%
2014/15	39.55	0.41	16.17	5.87	15.73	1.52	9.66%
2015/16	40.7	0.41	16.54	6.24	16.39	1.42	8.66%
2016/17	47.39	0.41	19.5	7.61	18.96	1.47	7.75%
2017/18	48.11	0.42	20	7.16	19.34	1.78	9.20%
2018/19	50.34	0.42	20.98	8.18	20.69	2	9.67%
2019/20	53.45	0.41	21.83	8.85	21.44	2.11	9.84%
2020/21	49.23	0.41	20.28	8.16	20.49	1.32	6.44%
2021/22	51.31	0.41	21.23	7.84	20.98	1.08	5.15%
22/23 /3	56.24	0.41	23.07	9.16	21.84	1.72	7.88%
23/24 /2	56.12	0.41	23.05	9.98	22.69	1.67	7.36%
24/25 (05) /1	55.56	0.39	22.99	9.78	22.41	1.68	7.50%
Monthly Var (1/2)	-1.00%	-5.05%	-0.26%	-2.00%	-1.23%	0.60%	
Yearly var (1/3)	-1.21%	-4.93%	-0.35%	6.77%	2.61%	-2.33%	

Source: USDA, Wasde May 10, 2024

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