

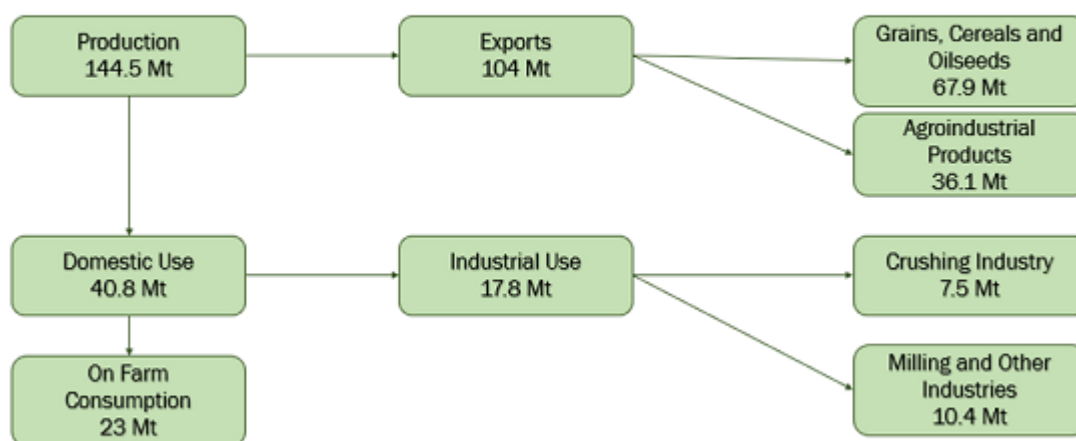
What is expected from the grain market in 2022

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Prospects for next year look promising, with production heading for a record in Argentina, exports growing in volume and prices sustained at high levels. However, as always, the weather has the last word.

In the following article we present a statistical forecast of grain production and uses for the next crop 21/22, the forecast prices for the main grains in each month of the year and what is expected in terms of prices of inputs for the next plantings.

Argentina Grains Production And Use Projections 2021/22 MY - Million Metric Tons



Source: Departamento de Estudios Económicos - Bolsa de Comercio de Rosario



Production: a record threatened by the weather?

Argentina Grains Production Projection - MY 2021/22

Crop	Seeded (M ha)	YoY Change (%)	Harvested (M ha)	Yield (qq/ha)	YoY Change (%)	Production (M tn)	YoY Change (%)
Soybean 2019/20	17.3		16.6	30.5		50.7	
Soybean 2020/21	17.2		16.2	27.8		45.0	
Soybean 2021/22	16.2	-5.8%	15.9	30.9	11.2%	49.0	8.9%
Corn 2019/20	7.0		6.3	82.4		51.5	
Corn 2020/21	7.4		6.4	81.8		52.0	
Corn 2021/22	7.9	7.3%	6.9	82.8	1.2%	57.1	9.8%
Wheat 2019/20	6.5		6.5	29.9		19.5	
Wheat 2020/21	6.8		6.0	28.6		17.0	
Wheat 2021/22	6.9	1.5%	6.6	33.6	17.6%	22.1	30.1%
Sunflower 2019/20	1.9		1.5	21.5		3.3	
Sunflower 2020/21	1.4		1.4	19.7		2.8	
Sunflower 2021/22	1.7	19.8%	1.7	18.2	-7.5%	3.1	10.7%
Sorghum 2019/20	0.5		0.4	46.3		1.8	
Sorghum 2020/21	0.5		0.7	44.3		3.2	
Sorghum 2021/22	1.1	111.5%	0.8	44.3	-0.1%	3.7	14.6%
Barley 2019/20	1.4		1.1	33.7		3.8	
Barley 2020/21	1.3		1.1	41.1		4.5	
Barley 2021/22	1.3	1.8%	1.2	42.5	3.5%	4.6	2.6%
Others* 2019/20	3.8		2.0	24.4		4.9	
Others* 2020/21	3.8		1.9	25.9		5.0	
Others* 2021/22	3.7	-3.2%	1.9	26.3	1.6%	4.9	-1.5%
TOTAL 2019/20	38.4		34.5	39.3		135.6	
TOTAL 2020/21	38.4		33.7	38.4		129.5	
TOTAL 2021/22	38.8	1%	34.9	41.4	7.7%	144.5	12%

(*) Birdseed, Rice, Oats, Rye, Millet, Durum Wheat, Safflower, Rapeseed, Peanut, Cotton and Beans

Source: Dir. Información y Estudios Económicos - Bolsa de Comercio de Rosario

For crop season 2021/22, the area sown to **wheat** increased by 1.5% and the climatic conditions were more favourable for winter crops than initially forecast, with water inputs at key moments that allowed to obtain much higher yields than in the previous crop, and a record production of 22.1 Mt. In the current crop season, the central and northern regions of the country were the main beneficiaries of the rains, which allowed a productive increase of magnitude compared to last year. The southern region, in the meantime, suffered from some lack of rain (unlike what had happened in the previous crop), so the production obtained was lower. In any case, the good yields obtained in the north-central part of the country compensated for this drop and allowed us to reach the aforementioned record.

Regarding the other main fine crop, **barley**, by 2021/22 there was an increase in area of approximately 60,000 ha, which allows to reach 1.3 M ha destined for this cereal. The high external demand and the good international prices of forage barley encouraged producers to allocate a larger area to this crop for the current cycle. Regarding yields, a slight drop is forecast, mainly due to the productive problems that the southern region had with respect to the previous year, but which are compensated by the greater planted area and will allow to obtain a production slightly higher than that of the previous year (4.6 Mt, 2.6% above 2020/21).

Continuing with **sunflower**, the good gross margins at the time of planting decision-making drove a strong area growth for this oilseed. Although some northern regions had to reduce the intended planted area due to the lack of soil humidity, the growth of the area for 2021/22 would be of 19.7%. Although the yields will fall slightly, the larger area will allow to rebuild production and reach one of 3.1 Mt, 10.7% above the previous crop.



As for the rest of the **coarse crops**, the outlook is uneven among the main grains. On the **sorghum** side, there is an area increase of 15.6% to 1.1 M ha, soybean loses about 1 M ha (-5.6% compared to 2020/21) and corn grows in around 500,000 ha (+7.3% vs 2020/21). Although there is still a long way to go to have an accurate outlook of yields, taking a trending yield from recent years, it would be in a position to obtain 3.7 Mt of sorghum, 49 Mt of soybean and 57.1 Mt of corn, which would make it the main crop produced in the country for the third consecutive year.

Last, the **other crops** (birdseed, rice, oatmeal, rye, millet, bread wheat, safflower, rapeseed, peanuts, cotton and beans) show a slight drop in area to 3.7 M ha (-3.2%) and a combined production of 4.9 Mt is forecast to be obtained. **In this way, crop season 2021/22 aims at a total planting coverage of 38.8 M ha among the different crops, and a total grain production of 144.5 Mt, both being historical records.**

In any case, it should not be overlooked that, regarding the coarse crops, the production numbers are tentative, and what actually happens with the **weather** will be fundamental to finally see what the production obtained in the new year is. The current outlook for the summer in terms of climate is more encouraging than what was forecast a few months ago since, although the very high temperatures of the last days of December and the low rainfall forecasts for early January would affect the yield potential of crops, particularly of early corn, during January 2022 the influence of La Niña will begin to weaken, normalizing the rain pattern for crops such as late corn or soybean in their respective critical stages of yield definition. At the end of December, the water reserves for the corn planted early indicate drought for the eastern productive area and from the north of Buenos Aires, towards the centre and south-centre of Córdoba, going north. Although it depends on the region, the reality is that the critical period is being crossed without water reserves.

Uses: more exports for the new year



Argentina Grains Use Projection - MY 2021/22

Crop	FSI Consumption	YoY Change (%)	Industrial Use	YoY Change (%)	Exports	YoY Change (%)
Soybean 2019/20	7.5		37.8		4.3	
Soybean 2020/21	8.0		39.5		5.0	
Soybean 2021/22	8.0	0.0%	38.5	-2.5%	5.4	7.6%
Corn 2019/20	11.3		3.3		36.2	
Corn 2020/21	12.3		3.6		39.5	
Corn 2021/22	12.4	0.8%	3.6	0.0%	41.1	4.1%
Wheat 2019/20	0.9		6.2		11.9	
Wheat 2020/21	1.0		5.8		10.8	
Wheat 2021/22	1.0	-0.6%	6.2	7.0%	14.7	36.1%
Sunflower 2019/20	0.1		2.5		0.2	
Sunflower 2020/21	0.1		3.1		0.2	
Sunflower 2021/22	0.1	1.0%	3.0	-4.5%	0.2	-5.6%
Sorghum 2019/20	1.1		0.0		0.7	
Sorghum 2020/21	1.1		0.0		2.3	
Sorghum 2021/22	1.1	0.0%	0.0	-	2.3	0.0%
Barley 2019/20	0.3		1.0		2.7	
Barley 2020/21	0.4		1.1		2.3	
Barley 2021/22	0.4	-19.5%	1.2	4.5%	3.2	37.1%
Others* 2019/20	0.2		2.0		1.5	
Others* 2020/21	0.2		1.9		1.5	
Others* 2021/22	0.2	0.0%	1.9	0.0%	1.0	-34.0%
TOTAL 2019/20	21.5		52.8		57.5	
TOTAL 2020/21	23.0		55.1		61.6	
TOTAL 2021/22	23.0	0%	54.4	-1%	67.9	10%

(*) Birdseed, Rice, Oats, Rye, Millet, Durum Wheat, Safflower, Rapeseed, Peanut, Cotton and Beans

Source: Dir. Información y Estudios Económicos - Bolsa de Comercio de Rosario

Regarding the demand of the main grains for the new year, it is forecast that the **use as seed and farm consumption** will remain practically unchanged compared to the previous cycle, with a total of 23 Mt.

Industrial use will drop slightly by 1% as a result of lower soybean industrialization in the new crop season and a slight drop in sunflower crushing. In the current crop, the processing rate of the oilseed remained higher than anticipated, but the forecasts for the new crop indicate a return to the trend exhibited in previous years. The greater industrialization of wheat and barley partially compensates this drop in the aggregate. Finally, corn milling and the industrialization of the other crops will remain the same next year. It should be noted that, in general and with the exception of soybean, the industrialization of other grains remains relatively stable through time. The oilseed processing, however, varies according to the production obtained and the external demand for its by-products.

Therefore, in view of the relative stability of industrial use, the increase in production is mainly destined for **export**. For the next crop, shipments abroad of the main grains are forecast to total 67.9 Mt, 10% above the previous crop. Wheat and corn shipments would reach a record next year, with 14.7 (+36%) and 41.1 Mt (+4.1%), respectively. Added to this are barley exports, which are forecast at 3.2 Mt (+37%), soybean at 5.4 Mt (+7.6%) and sorghum at 2.3 Mt (0%), which overcompensate the drops forecast for sunflower (0.2 Mt) and other crops (1 Mt).

As for the value of exports for crop 2021/22, at current prices it would leave a foreign currency income of US\$ 38.4 billion. This is US\$ 400 million more than the previous crop and marks a historical record for the sector. However, although the exported volumes would be higher, the forecast export prices for the main products would fall slightly in the next crop, which partially compensates the increase in quantities.

