

20-06-2024 - PERIOD:  
03/06/2024 A 14/06/2024

# Argentina Agri Market Report

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# Argentina Agri Market Report

20-06-2024 - Period: 03/06/2024 to 14/06/2024

Data in this report refers to the last fortnight (June 3-14, 24). 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

The USDA WASDE report for June showed no changes from the previous May report, marking the beginning of the 24/25 cycle. Soybean outlook remains focused on South America. Brazil is expected to show lower stocks and production cuts. Totaling 153 MMT, which seems lower than expected. Argentina showed no changes. In the US, there were slight increases in both old and new crop stocks, totaling just 0.3 MMT. Domestic consumption was reported lower due to reduced demand levels for crushing. For corn, attention remains on South America, with Brazil's production holding steady at 122 MMT. Argentina was expected to see a decrease due to spiroplasma concerns, but projections remained unchanged at 53 MMT. There were no changes reported for the US.

In the wheat market, production cuts in Russia and Ukraine due to droughts and frosts were noted. USDA lowered Russia's production forecast by 5 MMT to 83 MMT. Estimates for Ukraine and the European Union were reduced by 1.5 MMT each. World production was reduced by 8 to 798 MMT. Argentina's expectations rose by 0.5 MMT to 17.5 MMT. Overall, the early stages of the 24/25 cycle suggest continued modest growth in global supply, demand, and trade, with variable surplus stocks but without a significant surge in production and trade bolstered by demand.

Despite adverse weather conditions in the Northern Hemisphere have impacted crops, wheat has led price increases. Looking forward, slight increases and decreases in indicators are anticipated for 24/25, depicting a stagnant global grain market with limited price reactions across the agricultural and food sectors. The dynamics also extend to metals, minerals and various energy commodities. The global trade landscape has lost momentum in recent years. This trend is particularly detrimental to countries exporting these commodities, impacting their trade balances. The situation is exacerbated by global conflicts, wars, sanctions, attacks, and terrorism.

Looking ahead to 2024/25, according to the latest USDA global report, wheat production is projected to grow by 1.3% to 798 MMT, with ending stocks declining by 1.6% to 254 MMT. Corn production is anticipated to decrease by 1.1% to 1220 MMT, with ending stocks down by 0.5% to 310 MMT. Soybean production worldwide is expected to increase by a maximum of 6.7% to 422 MMT, with global stocks accumulating by 15% to 128 MMT, including projections for the US, Brazil, and Argentina. As a result, soybeans are poised for the largest increase among the three main grains. An exceptional bullish trend is forecast for trade, at a 6% year-on-year increase.

However, substantial short positions held by speculative funds contributed to increased selling and weakened prices, particularly in soybeans and wheat.

# SUMMARY

During the last fortnight (June 3-14), nearby Jul 2024 contract prices in the Chicago market featured unchanged for wheat and corn, while declines for soybeans. Soybean prices fell by USD 9 to USD 434/ton, soybean oil dropped by 28 USD to USD 963/ton, and soybean meal gained USD 4 to USD 406/ton. Corn rose USD 4 to USD 183/ton. Chicago wheat dropped by USD 24 to USD 225/ton and Kansas wheat declined by USD 30 to USD 231/ton. In turn, vegetable oils rose by USD 12 to USD 994/ton, on average.

## **Wheat, Corn and Soybean Crop Condition in the US.**

According to USDA as of June 10, US 2024/25 corn and soybean plantings advanced to 87% and 95% of the projected area, close to expectations and the average of 84% and 95%, respectively. Spring wheat plantings settled at 98%, above trade estimates, last year's estimates and the average, respectively. Winter wheat is 89% in good to excellent condition, ahead of last year's 87% and above average 86%. Wheat is 89% gleaming, ahead of last year and of average. Spring wheat condition was rated 98% good to excellent, settling above last year and the average. Insured plantings for coarse grains mitigate the bullish premium on prices. There's still plenty of time ahead, with highly variable weather conditions.

## **US Wheat, Corn and Soybean Weekly Exports**

According to the USDA report as of May 6, 2024, US weekly exports were as follows: for soybeans in the 23/24 cycle, exports totaled 0.380 MMT, with the majority being 0.377 MMT, falling within the expected range of (0.15-0.55 MMT). Weekly corn exports were neutral, totaling 1.126 MMT almost entirely from the old 23/24 cycle and within the expected range of 0.7-1.25 MMT. Ultimately, these supported price increases.

## **US hedge funds**

According to the Investment Funds Control Commission (CFTC) as of June 11, 2024 and for soybean grains, hedge funds sold 0.93 MMT, extending their net short position to -13.28 MMT (previous: -12.31), a bearish movement equivalent to a net interest rate of -9.2% (previous week: -8.4%). Corn purchases totaled 1.04 MMT, with a decrease in the net long position to -23.64 MMT (previous: -22.60), indicating a sharp bullish movement equivalent to a rate of -13.7% (last week: -12.6). Wheat net Sales totaled 0.24 MMT, and their net short position was cut to -9.13 MMT (previous position: -9.37), i.e. a neutral to bearish movement equivalent to a rate of -13.7% (last week: -14.8). Balances were tight, but it is worth noting the recent shift away from bearish dominance as short positions and nearby contracts. Finally, index funds (wheat, corn and soybeans) reduced their net long position by -4.67, closing at 67.08 MMT.



# SUMMARY

## Argentine Overview

During the local fortnight, weeks were marked by uncertainty surrounding financial dollars, including the MEP and agro dollars, with a gap of approximately 40% compared to the official rate. Futures dollars fluctuated following the passage of the omnibus bill through Congress, suggesting implicit devaluation rates reaching up to 60% for the last quarter of the year.

Soybean harvesting is nearly complete, with trucks heading to ports and reduced factory demand to fix merchandise against lower Chicago prices, resulting in a decline in spot prices to \$285,000/ton. According to Sio-Granos, transactions totaling 1.1 MMT were set between price agreements and to be fixed, a decrease from the previous week due to lower prices.

For corn, harvesting has progressed to 40%, yet there has been no significant increase in the number of trucks heading to ports. Spot prices recovered to \$165,000/ton, with trading volumes around 1 MMT at market rates.

As for wheat, planting has advanced to 46% of 6.2 Mha, somewhat delayed but close to the average, influenced by delays in the coarse grain harvest. Spot prices adjusted to USD 230,000/ton according to Chicago figures. Wheat for January 2025 dropped by USD 232/ton, with volumes declining by approximately 25 TMT.

There have been no updates in rural sector policy, yet expectations are rising, and operations are ongoing despite lingering uncertainties. There is a climate of cooperation with the government, but fundamental doubts persist.

# WHEAT

*Wheat prices showed biweekly increases, outpacing other grains, with -10% net declines for Chicago wheat to USD 225/ton. KCBT prices also saw a -12% decrease, closing at USD 230.6/ton. Thus, previous weeks' gains were lost. The market was driven by technical sales from funds that had accelerated and then halted. The USDA's June report maintained the global balance from the previous month but closed with trade and stock declines to 260 MMT, marking the lowest in 10 years. The year-over-year balance was tight, bolstering future prices. Reversals and fund sales contributed to market declines. Argentina's outlook declined due to the downward adjustment in prices, with the 2024/25 planting potentially repeating an area of 6.2 Mha and a projection of 18 MMT.*

## **International Market**

### **Last Fortnight Prices**

Last fortnight (June 3-14), wheat futures prices (Jul 2024) featured week-over-week declines, soybean falling even sharper after previous gains. The cereal price closed -10% lower at USD 222.5/ton. KCBT prices also saw a -12% decline, closing at USD 230.6/ton. In June, the USDA report saw no major changes as funds discounted previous week gains. Technical sales halted the previous weeks' upward momentum in the market. Global forecasts for the 24/25 cycle brought few changes in production and consumption but at closing date posted decreases in trade and stocks declines by -2.5% to 260 MMT, a 10-year record low. The year-over-year balance tightened, supporting future price increases, and weekly exports met expectations. The price trend declined, closing USD 21 and USD 25 below the 20-day average of USD 225 and USD 230.5/ton at the CBOT and KCBT, respectively.

### **Headline News**

These effects led to downward revisions in wheat production forecasts for 2024/2025 and short-covering among investment funds. However, according to the latest report, fund conditions have not yet determined a more long-term position. Bearish factors persist. Ukraine is exporting shipments alongside Russia, and with the imminent arrival of the new harvest for 24/25, prices may decline.

Closing prices settled at around USD 265/ton, the highest in the current year and/or since October 2024. In Chicago, declines returned to wheat prices, with recent weeks seeing drops of more than 10%, nearly approaching 15%.

# WHEAT

The significant price losses in wheat were highlighted both in Chicago and locally, following increases earlier in the current month. Prices reached highs unseen in ten months but declined by mid-April 2024.

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

Wheat gained in the last week and recorded its highest price in ten months due to concerns over Russia's production, the largest wheat exporter, as growing areas suffered from recent droughts and frosts with unsuccessful replanting efforts.

In fact, there wasn't a significant shift in demand from livestock importers towards corn as feed, given the observed increase in wheat prices. The changes over a few weeks are insufficient to validate international trade operations.

Storms in Rio Grande do Sul have damaged the Brazilian wheat crop.

In the US, attention remained on spring weather conditions for crops, which were delayed and poorer than average. However, progress was made in planting and crop conditions improved.

## **Fundamentals Analysis. 2024/25 Wheat. USDA WASDE, June 2024.**

According to the USDA WASDE report of June 12, for the US and the 2024/25 crop year, production increased by +0.9% month-over-month and +3.5% year-over-year to 51 MMT (last month: 50.6; 2023/24: 49.3). Exports saw a rise of 11% to 21.8 MMT (last month: 21.1; 2023/24: 19.6). Total use increased by +0.9% to 30.6 MMT (last month: 30.6; 2023/24: 30.2). The annual balance showed increases across its metrics, with year-over-year stocks rising by 10% to 20.6 MMT (last month: 20.9; 2023/24: 18.7). The stocks-to-use ratio would rise to 67.5% versus 61.7% in the preceding marketing year. The balance closed with strongly higher carryover stocks, which was bearish for cereal prices.

The report estimated global indicators equal to the previous month, but for the 2024/25 year-on-year, production is up 1.3%, exports are set to decrease by 1.7%, and total use is expected to rise marginally by just 0.3%. For the 2024/25 period, the closing stock balance is projected to decrease annually by -1.6% to 253.6 MMT, marking the lowest level since 2015/16. This narrower year-over-year balance has been bullish for future cereal prices. However, this momentum appears to have stalled, resulting in an inevitable profit-taking (see Table 1).

# WHEAT

## Local Market

### Last Fortnight Prices.

During the last fortnight, the local market mirrored Chicago's trend with significant weekly declines among grains. The drop in financial dollar and futures market pressured rates lower.

For cash or contract deliveries, USD 233,000/ton was paid, a record low since mid-May 2024. There was a setback in truck entries. The local prices surpassed the international benchmarks, prompting nearby sales and/or price-fixing operations. The declines of available wheat in Rosario settled at -7.5% prices closing at USD 258/ton (last fortnight: 278.5; last month: 266). In pesos, available in Rosario fell by 6.7%, closing at ARS 233,000/ton, the lowest in two weeks. For the July and January 2025 harvest positions, there was a 6.5% decline, with prices at USD 252/ton and USD 228/ton, respectively. Yield projections for the crop remain varied to stimulate the new season.

## Yields

The profitability of wheat declined for the current harvest at the available price of USD 258/ton, with typical yields and standard technology, indicating approximate gross margins of USD 237 and 407/ha. Comparatively, January 2023 was less attractive, as prices dropped and settled at USD 229/ton (Chart 1).

## Harvest Projections

According to the Buenos Aires Grain Exchange, as of June 13, 2024, planting for the 2024/25 wheat season reached 46.3% (7% ahead) of the projected 6.2 Mha. The USDA's June 2024 projection stood at 16 MMT.



# CORN

*During the last fortnight, corn prices in Chicago saw modest net gains of 0.9%, closing at USD 183/ton (compared to USD 176 in the previous fortnight and USD 178 the previous month). According to the USDA, for the US and global markets in the 2024/25 cycle, production is estimated to decrease by 3.4% and 0.4%, respectively. The global year-over-year balance was similar, with a marginal recovery in stocks. There is a noticeable decrease in demand from the pork industry in China and Europe. US weekly exports were as expected. Investment funds are following buybacks to unwind short or oversold positions. The local harvest wrapped was projected at 49.5 MMT.*

## International Market

### Last Fortnight Prices

During the last fortnight (June 3-14, 2024), corn futures (July 2024) in Chicago experienced weeks of slight gains, with modest net increases of 0.9%, closing at USD 183/ton (last fortnight: 176; last month: 178). According to USDA reports for the US and global levels in the 2024/25 cycle, there was a production decline of -3.4% and -0.4%, respectively. The year-over-year global balance was quite similar, yet comfortable, with trade declining and a slight recovery in stocks. This environment was also neutral to bearish for future feed prices. Ongoing global military and trade conflicts continue to drive up costs in commercial logistics and transportation. There is a noticeable decline in demand from the pork industry in China and Europe for forage feed. The price relationship with wheat has converged, potentially unfavorable for forage demand. US weekly exports settled within trade estimates. Investment funds increased purchases to cover short positions but still maintain significantly net short positions. Price trends showed a slight downward trend, closing just USD 6 below the 20-day average at USD 183/ton. remained sideways, closing just USD 1 above the 20-day average at USD 182/ton.

### Global News

A significant development in the 2024/25 cycle was the shift in planting and production forecasts between corn and soybeans in the US. Nearly 2 Mha transitioned from one crop to the other. Corn production decreased from 390 to 377 MMT, while soybeans increased from 113 to 121 MMT. This shift followed a record corn year and approached record soybean levels in the new cycle.

Corn prices held gains due to concerns over the South American harvest and delays in planting in the US. However, recent rains have brought planting back on track with seasonal averages.

# CORN

In the Northern Hemisphere, dry weather has ended, and initially optimistic production forecasts are reaffirmed.

Traders in investment funds remain net buyers of nearby corn futures contracts. Yet, in recent weeks, sales have resumed, halting price increases.

The ongoing maize pest in Argentina, the Leafhopper, and its virus with a deforming effect on plants and significant losses are also important news. Several countries are estimated to take actions to control the situation.

## **Fundamentals Analysis. 2024/25 Corn. WASDE USDA, June 2024**

According to the USDA WASDE report, as of Jun 12, US 24/25 marketing year indicators were unchanged. A decrease in planted area by 5% was confirmed and production declined by 3.1% to 377.5 MMT (2023/24: 389.7). Exports are expected to grow annually by 2.3% to 55.9 MMT (2023/24: 54.6). Total use increased 0.4% to 320.2 MMT. The balance confirmed a year-on-year increase in stocks by 3.9% to 53.4 MMT (2023/24: 51.4), marking the highest level since 2018/19. The stocks-to-use ratio would rise to 16.7% versus 16.1% in the preceding cycle. This balance report confirmed reduced supply and a slight rebuilding of stocks, which has a mildly bearish impact on forage prices.

According to the report, for the global level and the 24/25 cycle, there is an estimated marginal year-on-year production decline of -0.36% to 1220 MMT (2023/24: 1228). Exports declined by -1.1% to 194 MMT (2023/24: 186). Total use rose by barely 0.5% to 1222 MMT (2023/24: 1217). The 24/25 year-end balance would close with a slight decrease in stocks of -0.5% to 310.8 MMT (2023/24: 312.4). The stock-to-use ratio would decrease to 25.4% (2023/24: 25.7). The balance remained similarly ample, but with trade on the decline and a marginal decrease in stocks. This was neutral to bullish for feed futures prices (Table 2).



# CORN

## Local Market

### Last Fortnight Prices

During the last fortnight, the local market tracked Chicago but saw larger increases, with net variations showing higher gains in both dollars and pesos. Harvest progress added supply pressure and sustained bidding on corn prices. In Rosario, spot prices recorded weekly gains, accumulating a 4% increase to close at USD 185/ton (last fortnight: 178; last month: 190). In peso terms, the increase was 4.6%, closing at ARS 167,000/ton. Local futures in dollars for the July 2025 and December 2024 contracts rose to USD 181.5 and USD 188/ton, respectively. For April 2025, prices remained stable at USD 183/ton. Harvest projections were estimated unchanged at 46.5 million metric tons

### 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. April 2025 contract was barely attractive, paying USD 183/ton (Chart 1).

### Harvest projection

According to the Buenos Aires Grain Exchange, as of June 13, 2024, corn harvest area of 17.2 Mha progressed to 40% of 17.3 Mha total area. The average yield was 60.3 qq/ha. In the chicharrita zone like NEA, yields fell to 25 qq/ha.

The projection settled unchanged at 49.5 MMT.

# SOYBEAN

*The biweekly soybean prices showed net increases of 2.1% to USD 459/ton (last fortnight: 443; last month: 451). Soybean oil saw net gains of 1% to USD 991/ton (last fortnight: 966; last month: 990). Meanwhile, soybean meal gained a net 5.3% rise to USD 426.5/ton (last fortnight: 405; last month: 375). According to the USDA, the balance for the US and global markets in the 2024/25 season showed record production levels and significant stock recoveries compared to other grains. Hedge funds reversed their net positions, exerting bearish pressure on the market. Local harvest progress stands at 40%, with the production projection adjusted to 50.5 MMT.*

## International Market

### Last Fortnight Prices

During the last fortnight (June 3-14, 2024), nearby soybean futures (Jul-24) in the US experienced slight weekly declines, down 2.1% to USD 433/ton (last fortnight: 443; last month: 451). Soybean oil saw net declines of 4%, reaching USD 963/ton (last fortnight: 1004; last month: 998). Meanwhile, soybean meal recovered by a net 1.1% to USD 406/ton (last fortnight: 402; last month: 406). The USDA's monthly report did not revise production figures for Brazil and Argentina, despite floods, harvest progress, and commercial selling.

Additionally, US plantings progressed above average, weakening nearby contracts. Estimates for Brazil's harvest differ from national sources and are below USDA estimates. Globally, a record production of 422.3 MMT is expected for the 2024/25 season, with exports up 4.4% to 180.2 MMT and total use increasing by 5% to 402 MMT, resulting in closing stocks up 15% to 126 MMT, the highest since 2018/19. The balance was bearish for cereal futures prices. The price trend of soybean grain was bearish, closing USD 14 below the last 4-week average of USD 447/ton.

### International News

The USDA's June 2024 Supply and Demand Report had a significant impact, projecting a record-high global soybean production for the new 2024/25 cycle, resulting in surplus supplies and bearish market sentiment. The record global production of 428 MMT for 2024/25 is bearish for prices.

Data confirmed changes in US planting areas favoring soybeans over corn, similar to planting intentions in June 2024 for Argentina.



# SOYBEAN

The weather conditions, delayed spring rains in the US and excess rainfall over the South American harvest, dominated the scenario with bullish arguments that did not materialize.

Noteworthy was the nearly completed US planting and the favorable crop conditions, clearly bearish for prices.

Crop information from Brazil indicates that 95% of the soybean area has been harvested, which is behind the historical average of 99% for this date.

The highlight continues with fund reversals in Chicago, involving purchases and new sales, yet failing to reduce heavily sold volumes in nearby terms.

The impact was bearish across all grains, but notably divergent as soybeans fell while corn rose.

Commodity funds have predominantly been net sellers of soybean and soybean meal futures.

Soybean oil prices rebounded in the US, suggesting potential bullish trends from historically depressed levels.

Soybean and soybean meal futures have been temporarily overvalued due to technically driven purchases to cover short positions or fulfill delivery needs.

## **Fundamentals Analysis. 2024/25 Soybeans. WASDE USDA, June 2024.**

According to the USDA's June 12 WASDE report for the US in the 24/25 cycle, they projected a 3.9% increase in planted area to 34.6 Mha. With expected yields of 3.5 tons/ha, they forecast a nearly 7% year-over-year increase in production to 121.1 MMT (2023/24: 113.3). Exports were anticipated to rise by 7.4% annually to 49.7 MMT (2023/24: 46.3). Total usage was expected to grow by +7.5% 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 data showing strong increases in these metrics and their surpluses were bearish for oilseed prices. This was anticipated and confirmed for the 2024/25 period, influenced by changes in US crop areas among major coarse grains.

# SOYBEAN

Globally and for the 24/25 cycle, the report estimated the largest year-over-year increase among grains, with production up by 6.7% to a record 422.3 MMT (2023/24: 395.9). Exports rose 4.4% to 180.2 MMT (2023/24: 172.6). Total use rose 5% to 401.6 MMT (2023/24: 383.3). Thus, the balance for the 24/25 cycle would close with a significant increase in stock, up by 15% to 127.9 MMT (2023/24: 111.1), the highest levels since 18/19. The stock-to-use ratio would increase to 31.9% (compared to 28.9% in the 23/24 cycle). With a more ample year-over-year balance from the previously mentioned cycle, it proved bearish for future oilseed prices (Table 3).

## Local Market

### Last Fortnight Prices

During the last fortnight, the local market saw slight gains for spot prices, both in dollars and pesos. Immediate payment for May delivery closed negotiations at ARS 295,000/ton. Spot prices at Rosario's Matba closed at USD 326.5/ton. Prices for July 2024 harvest declined to USD 324.5/ton. Sales for forward months like September 2024 and May 2024 decreased to USD 327 and USD 304/ton, respectively, reflecting reduced hedging and business activities.

### Crop Yield

Profitability for the current harvest at the spot price of USD 326/ton, with typical yields and standard technology, provided indicative gross margins of USD 354 and USD 575/ha. November 2024 was less attractive, as it paid the same USD 327/ton (Table 1).

### Harvest projection

According to the Buenos Aires Grain Exchange, as of June 13, 2024, the soybean harvest progressed to 96% of the area, covering 17.3 Mha. The average yield is 30 qq/ha. Higher soy yields in the second crop offset declines in NOA region. The production projection remained steady at 50.5 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 1%. The soybean and sunflower oil led the price increases. The average prices closed at a USD 1000/ton, with the closing average at USD 1005/ton (last fortnight: 1005; last month: 986). Domestic sunflower harvest concluded with 1.85 Mha planted area and production holding steady at 3.6 Mt.*

## International Market

### Last Fortnight Prices

During the last fortnight (May 3-24), the average quotations of vegetable oils in the Rotterdam market and major export ports showed more gains than losses, with net declines of -1.2%. In Rotterdam, soybean and palm oil prices led the increases. The average prices not enough USD 1000/ton, with the closing average at USD 994/ton (last fortnight: 1005; last month: 997). The trend was mildly bearish, closing USD 16 below the four-week average of USD 1010/ton.

### International News

According to Oil World June reports, it is estimated that global production of 7 oilseeds will increase to 626.8 MMT in 2023/24, up by 19.8 from the previous season. Thus, a surplus is expected for the second consecutive year.

Argentine farmers will reduce corn planting for the 2024/25 season in favor of soybeans. Cereal plantings will decrease to a four-year low of 18.8 Mha, while oilseed areas will reach an eight-year high.

Production of the global 7 seeds was forecast +1.9 MMT higher at a record of 60 MMT for 2024/25. In several countries, expansions have been made at the expense of other crops. Moreover, a substantial global production of rapeseed and canola is expected in 2024/25.

It is anticipated that World, global production of biodiesel will scope by 62.7 MMT in 2024, growing by 3.5 MMT from January to December 2024, a new record high. The largest increases will be seen in the US and Brazil.

The increasing use of used oils and non-edible corn oil, primarily in the US and Singapore, has reduced the market share of edible oils, increasing pressure on vegetable oil prices over the past year.

# VEGETABLE OILS

Higher import tariffs from Russia and Belarus are expected to distort the EU protein market. Measures from July 2024 aim to quantify the impact on the highly complex European protein market. The impact is expected to be more severe for flaxseed and rapeseed meal.

Global palm oil imports are forecast to increase in the coming months, while production and export supplies of sunflower and rapeseed weaken.

The ample supply of soybeans is expected to contrast with the limited supply of other oilseeds in 2024/25, leading to divergent effects between oils and protein meals.

Brazilian soybean disposals increased by 10% to a new high in Jan/April 2024, mainly in exports. G-6 soya meal exports increased by 4.4 MMT.

The below-average growth forecast for palm oil production in 2024/25 can only partially offset potential shortages in seed oils.

Ukraine recorded record exports of vegetable oils and cereals totaling 3.4 and 28.0 MMT respectively in Jan-May 2024, marking increases of 38% and 24% compared to the previous year.

In second half of 2024/25, diverging are anticipated between growing palm oil production and the combined production of 7 seed oils, which is expected to decrease by 1.0 MMT.

Brazilian soybean exports are expected to decrease to 92.5 MMT in 2024 from 101.87 MMT the previous year, with crushing increasing to 55.2 MMT.

## **Fundamentals Analysis. Vegetable Oils Market. WASDE USDA, June 2024.**

According to the USDA's Jun 10 WASDE report for the 2024/25 cycle, the global market for vegetable oils anticipates a year-over-year increase in production of 1.9% to 228 MMT, with exports rising by in 3 years in 88 MMT. Furthermore, there's an expected record employment of +2.8% to 225 MMT and a decrease in reserves of -6% to 29.8 MMT. The annual balance would end with a stock-to-use ratio of 13.3%, compared to 14.5% in 2023/24 (Table 4). For global sunflower oil, there's an expected annual decrease of -0.5% in production to 21.7 MMT (compared to 21.8 MMT in 2023/24 cycle). Exports are projected to decline by -7% to 13.4 Mt, and total use is expected to decrease by -1.8% to 20.4 MMT, resulting in a 7% reduction in stock to 2.5 MMT compared to 2.7 MMT in the 2023/24 cycle. The stock-to-use ratio would close at 12.3% versus 12.8% in the 2023/24 cycle, which was bullish for prices (Table 5).



# VEGETABLE OILS

## Local Market

During the last fortnight, global oil markets saw slight declines with minimal gains in soybean oil. In Rosario's indicative prices, soybean oil rose to USD 340/ton, and in the spot market, it gained 7% to close at ARS 300,000/ton.

## Sunflower Yield

For the 2023/24 sunflower harvest, with yields of 18 and 25 q1/ha and at the current harvest price of USD 340/ton, indicative gross margin stood at USD 172 and USD 346/ha (see Table 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 14/06/24       |        | WHEAT |      | SUNFLOWER |      | CORN |      | SOYBEANS |      |
|---------------------|--------|-------|------|-----------|------|------|------|----------|------|
| Yield               | qq/ha  | 35    | 45   | 18        | 25   | 75   | 95   | 28       | 38   |
| Future price        | u\$/qq | 25.8  | 25.8 | 34        | 34   | 18.5 | 18.5 | 32.6     | 32.6 |
| Gross income        | u\$/Ha | 903   | 1161 | 612       | 850  | 1388 | 1758 | 913      | 1239 |
| Selling expenses    | %/IB   | 25    | 25   | 18        | 18   | 35   | 35   | 24       | 24   |
| Net Income          | u\$/Ha | 677   | 871  | 502       | 697  | 902  | 1142 | 694      | 941  |
| 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 | 81    | 104  | 55        | 77   | 97   | 123  | 73       | 99   |
| Direct costs        | u\$/Ha | -440  | -463 | -330      | -352 | -582 | -608 | -340     | -366 |
| Gross margin        | u\$/Ha | 237   | 407  | 172       | 346  | 320  | 534  | 354      | 575  |
| PLANTING PERCENTAGE |        |       |      | 230       |      |      | 197  |          | 339  |
| GM-40%GI            | u\$/Ha | -124  | -57  | -73       | 6    | -235 | -169 | -11      | 80   |
| Gross margin        |        |       |      |           |      |      |      |          |      |
| PLANTING PERCENTAGE | qq/Ha  | 10    | 10   | 9         | 9    | 20   | 20   | 13       | 13   |
| GM-40%GI            | u\$/Ha | -21   | 149  | -134      | 40   | -50  | 164  | -70      | 152  |

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 USD..**

| Global Wheat  | Area Mha | Yield t/ha | Producción | Exports | Total Use | Ending Stock | Stock/Use% |
|---------------|----------|------------|------------|---------|-----------|--------------|------------|
| 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%     |
| 2022/23       | 219.6    | 3.59       | 789.2      | 216.6   | 791.9     | 270.4        | 34.15%     |
| 2023/24 /3    | 222.8    | 3.54       | 787.7      | 219.2   | 800.3     | 257.8        | 32.21%     |
| 24/25 (05) /2 | 222.6    | 3.59       | 798.2      | 215.4   | 802.4     | 253.6        | 31.61%     |
| 24/25 (06) /1 | 222.6    | 3.59       | 798.2      | 215.4   | 802.4     | 253.6        | 31.61%     |
| Monthly var % | 0.00%    | 0.00%      | 0.00%      | 0.00%   | 0.00%     | 0.00%        |            |
| Yearly var %  | -0.09%   | 1.42%      | 1.33%      | -1.73%  | 0.26%     | -1.63%       |            |

Source: USDA Wasde, June 12, 2024



# CHARTS

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

| Global Corn   | Area Mha | Yield t/ha | Producción | Exports | Total Use | Ending Stock | Stock/Use% |
|---------------|----------|------------|------------|---------|-----------|--------------|------------|
| 2014/15       | 189.4    | 5.6        | 1061       | 128.8   | 997.3     | 280.3        | 28.11%     |
| 2015/16       | 188.7    | 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     | 173.5   | 1148.9    | 326          | 28.37%     |
| 2019/20       | 194.1    | 5.8        | 1125.6     | 175.8   | 1138.5    | 313.1        | 27.50%     |
| 2020/21       | 199.6    | 5.7        | 1131.9     | 184     | 1149.2    | 295.7        | 25.73%     |
| 2021/22       | 206.8    | 5.9        | 1218.8     | 193.5   | 1200.8    | 313.7        | 26.12%     |
| 2022/23       | 200.6    | 5.8        | 1158       | 181     | 1170.7    | 300.9        | 25.70%     |
| 2023/24 /3    | 203.2    | 6          | 1228.1     | 196.1   | 1216.7    | 312.4        | 25.68%     |
| 24/25 (05) /2 | 201.2    | 6.1        | 1219.9     | 192.7   | 1220.7    | 312.3        | 25.58%     |
| 24/25 (06) /1 | 201.3    | 6.1        | 1220.5     | 193.9   | 1222.2    | 310.8        | 25.43%     |
| Monthly var % | 0.05%    | 0.00%      | 0.05%      | 0.62%   | 0.12%     | -0.48%       |            |
| Yearly var %  | -0.94%   | 1.67%      | -0.62%     | -1.12%  | 0.45%     | -0.51%       |            |

Source: USDA Wasde, June 12, 2024

# CHARTS

**Table 3.**  
**Soybeans World Supply and Demand. In USD.**

| Global Soybeans | Area Mha | Yield t/ha | Producción | Exports | Total Use | Ending Stock | Stock/Use% |
|-----------------|----------|------------|------------|---------|-----------|--------------|------------|
| 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         | 129.74   | 2.85       | 369.24     | 165.18  | 367.13    | 98.27        | 26.77%     |
| 2021/22         | 131.47   | 2.74       | 360.46     | 154.44  | 366.18    | 92.58        | 25.28%     |
| 2022/23         | 136.9    | 2.76       | 378.37     | 172.07  | 366.15    | 100.59       | 27.47%     |
| 2023/24 /3      | 139.52   | 2.84       | 395.91     | 172.62  | 383.34    | 111.07       | 28.97%     |
| 24/25 (05) /2   | 143.39   | 2.94       | 422.26     | 180.2   | 401.74    | 128.5        | 31.99%     |
| 24/25 (06) /1   | 143.39   | 2.94       | 422.26     | 180.2   | 401.63    | 127.9        | 31.85%     |
| Monthly var %   | 0.00%    | 0.00%      | 0.00%      | 0.00%   | -0.03%    | -0.47%       |            |
| Yearly var %    | 2.77%    | 3.78%      | 6.66%      | 4.39%   | 4.77%     | 15.15%       |            |

Source: USDA Wasde, June 12, 2024

# CHARTS

**Table 4.**  
**Vegetable Oils World Supply and Demand. In USD.**

| Vegetable Oils | Area Mha | Yield t/ha | Producción | Exports | Total Use | Ending Stock | Stock/Use% |
|----------------|----------|------------|------------|---------|-----------|--------------|------------|
| 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        | 611.65   | 0.34       | 207.96     | 85.79   | 204.52    | 29.59        | 14.47%     |
| 2021/22        | 613.59   | 0.34       | 208.62     | 79.69   | 202.84    | 29.91        | 14.75%     |
| 2022/23        | 642.18   | 0.34       | 218.34     | 88.93   | 211.27    | 31.9         | 15.10%     |
| 2023/24 /3     | 657.74   | 0.34       | 223.63     | 88.33   | 218.82    | 31.74        | 14.51%     |
| 24/25 (05) /2  | 671.41   | 0.34       | 228.28     | 88.27   | 224.91    | 29.91        | 13.30%     |
| 24/25 (06) /1  | 670.26   | 0.34       | 227.89     | 88.15   | 224.84    | 29.8         | 13.25%     |
| Monthly var %  | -0.17%   | 0.00%      | -0.17%     | -0.14%  | -0.03%    | -0.37%       |            |
| Yearly var %   | 1.90%    | 0.00%      | 1.90%      | -0.20%  | 2.75%     | -6.11%       |            |

Source: USDA Wasde, June 12, 2024



# CHARTS

**Table 5.**  
**Sunflower Oil World Supply and Demand. In USD.**

| Sunflower Oil | Area Mha | Yield t/ha | Production | Exports | Total Use | Ending Stock | Stock/Use% |
|---------------|----------|------------|------------|---------|-----------|--------------|------------|
| 2014/15       | 39.55    | 0.38       | 14.97      | 7.41    | 14.24     | 2.59         | 18.19%     |
| 2015/16       | 40.7     | 0.38       | 15.4       | 8.21    | 15.07     | 2.04         | 13.54%     |
| 2016/17       | 47.39    | 0.39       | 18.3       | 10.75   | 16.37     | 2.62         | 16.00%     |
| 2017/18       | 48.11    | 0.39       | 18.57      | 10.32   | 17.4      | 2.61         | 15.00%     |
| 2018/19       | 50.34    | 0.39       | 19.62      | 11.51   | 18        | 2.44         | 13.56%     |
| 2019/20       | 53.45    | 0.4        | 21.21      | 13.49   | 18.9      | 3.01         | 15.93%     |
| 2020/21       | 49.23    | 0.39       | 19.01      | 11.34   | 18.31     | 2.04         | 11.14%     |
| 2021/22       | 51.31    | 0.38       | 19.69      | 11.22   | 17.56     | 2.65         | 15.09%     |
| 2022/23       | 56.24    | 0.39       | 21.73      | 14.33   | 19.51     | 3.15         | 16.15%     |
| 23/24 /3      | 56.12    | 0.39       | 21.85      | 14.35   | 20.73     | 2.69         | 12.98%     |
| 24/25 (05) /2 | 55.56    | 0.39       | 21.74      | 13.38   | 20.36     | 2.5          | 12.28%     |
| 24/25 (06) /1 | 55.56    | 0.39       | 21.74      | 13.38   | 20.36     | 2.5          | 12.28%     |
| Monthly var % | 0.00%    | 0.00%      | 0.00%      | 0.00%   | 0.00%     | 0.00%        |            |
| Yearly var %  | -1.00%   | 0.17%      | -0.50%     | -6.76%  | -1.78%    | -7.06%       |            |

Source: USDA Wasde, June 12, 2024

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