

02-07-2024 - PERIOD:
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Argentina Agri Market Report

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02-07-2024 - Period: 14/06/2024 to 28/06/2024

Data in this report refers to the last fortnight (June 14-28, 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

According to the International Grains Council, their June 2024 report forecasts a slight 0.5% year-on-year increase in global grain production for 2024/25, reaching 2232 MMT.

However, global trade is expected to decline significantly by 6.1% to 416 MMT, while consumption will see only a marginal 0.5% increase to 2321 MMT. Consequently, the final balance shows a decrease in stocks by 1.5% to 582 MMT. This indicates no substantial changes or recovery in supply indicators but rather a stagnation similar to recent years. The stocks-to-use ratio would fall to 25.1% versus preceding cycle (See Table: 25.6). Currently, soybeans are the only exception, leading in production growth, trade volume, total consumption, and carryovers accumulation. Conversely, global production of wheat and corn is expected to decline, despite their significant share in global supply.

Though it's early in the 2024/25 cycle, initial momentum has waned, and it will take more time to define future indicators. Import trade data and weak demand are likely to keep prices subdued, lacking the necessary momentum for increased global supply.

The global trade of agricultural commodities has lost momentum in recent years, turning negative for exporting countries, impacting their trade balance. This situation is exacerbated by global conflicts, wars, sanctions, attacks, and terrorism.

Hedge funds have accumulated substantial short positions, with two weeks of reversal followed by renewed massive sell-offs, leading to increased net short positions. As a result, prices, particularly those of soybeans, corn, and wheat, have weakened at the close.

During the last fortnight (3-14/06/24), nearby contracts for Jul-24 in the Chicago market showed declines across wheat, corn, and 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 closed USD 21 lower at USD 205/ton. Chicago wheat fell by USD 22 to USD 203/ton, while Kansas wheat declined by USD 15 to USD 216/ton. Meanwhile, vegetable oils on average increased by USD 12 to USD 1006/ton.

SUMMARY

Wheat, Corn and Soybean Crop Condition in the US.

According to USDA as of June 24, US 2024/25 corn and soybean plantings advanced to 97% and 100% of the projected area, surpassing expectations and the average, respectively. The soybean crop condition rated from good to excellent stands at 67%, exceeding expectations for the year and the average. Spring wheat and corn plantings have concluded, emerging and entering the flowering phase, slightly surpassing their average benchmarks. Winter wheat is in good to excellent condition at 52%, outperforming both last year's 40% and the average. Harvest progress for winter wheat is at 40%, ahead of the 25% average. Spring wheat is rated good to excellent at 71%, higher than the 63% average. Currently, the progress of coarse grain crops is reducing bullish price premiums. However, it's still early, and weather conditions could change significantly.

US Wheat, Corn and Soybean Weekly Exports

Weekly exports of wheat, corn, and soybeans from the US, according to USDA data as of June 27, 2024, were fairly poor. Soybean exports reported as of June 20, 2024, totaled 0.385 MMT, consisting of 0.283 MMT from the 2023/24 season and 0.102 MMT from 2024/25, indicating a bearish and neutral trend within the expected range of 0.0-0.6 MMT. Weekly corn exports were neutral at 0.681 MMT, predominantly from the 2023/24 season, aligning with expectations of 0.0-1.1 MMT. Wheat exports totaled 0.667 MMT, all from the 2024/25 season, surpassing the expected range of 0.2-0.6 MMT and contributing to bullish price movements.

US hedge funds

Regarding US investment funds, the Commodity Futures Trading Commission (CFTC) report as of June 25, 2024, indicated a return to selling dominance, particularly affecting corn and soybeans. Hedge funds sold a net -3.46 MMT of soybeans and expanded their net short position to -18.94 MMT (previous: -15.48). This reflects a bearish movement, with a net interest rate of -14.9% (last week: -10.7). For corn, there were significant net sales of -9.73 MM) and an increase in the net sold position to -30.39 MMT (previous: -20.66). This represents a bearish movement equivalent to an interest rate of -12.4% (last week: -7.89). Meanwhile, for wheat, there were net sales of -1.5 MMT and an increase in the net sold position to -11.32 MMT (-9.82 previously), indicating a bearish movement as well, equivalent to a rate of -17.7% (last week: -13.19). The balances weakened with an increase in short positions and/or near-term contracts. Finally, index funds (wheat, corn and soybeans) reduced their net long position by -2.82, closing at 62.0 MMT.

SUMMARY

Argentine Overview

Recent data from a grain purchasing capacity report indicates that over the past 6 years, inflation (4.076%) has outpaced the average increase in cereal values (3.500%). Direct production costs have also seen an average variation of 4.233%. In the case of wheat and soybeans, it's noted that more grain is required in the last year to cover all input/service costs. This is due to a modest annual cereal price increase of 200%/213%, compared to a 250% rise in services/inputs. Consequently, a higher quantity of cereals is necessary to meet these expenses across nearly all types. Cost increases averaged 15% for labor, 20% for grain transportation, and 30% for diesel. This reflects a decline in agricultural income.

Tax pressures have remained high, posing challenges for Argentina's production recovery efforts.

According to Infocampo, La Niña conditions are starting to emerge. The National Meteorological Service confirms below-normal winter temperatures with a rainfall deficit, exacerbating a Patagonian crisis due to snowfall. The quarter outlook for July-September 2024 indicates continued cooler-than-average temperatures.

Finally, the government successfully enacted the Base Law and fiscal package, initiating a new phase of governance. The majority party accepted changes originating from the Senate, including the reinstatement of Income Tax and reforms to Personal Property.

WHEAT

Prices experienced declines over five weeks, with bi-weekly net reductions for Chicago wheat at -9% to USD 216/ton. Kansas wheat similarly dropped by -6.5%, closing at USD 216/ton. Market movements and fund activities were influenced by the USDA's quarterly report on area and stocks. Funds that had been bought returned to strong net sales, reducing prices to April 2024 levels. The June 2024 IGC report maintained global balance but indicated declines in trade and stocks to the lowest levels in years. Weekly US exports were strong and provided support to the market. Argentina's perspective for the 2024/25 planting season shows an 81% completion on a 6.2 Mha area with an expected yield around 18 MMT.

International Market

Last Fortnight Prices

Last fortnight (June 14-28), wheat futures prices (Jul 2024) featured week-over-week sharp declines, soybean falling sharper after five weeks. Chicago wheat fell by -8.7% to USD 215.8/ton (last fortnight: 225; last month: 249). Net prices at the KCBT closed -6.5% lower at USD 216/ton (last fortnight: 231; last month: 260). The USDA's June 2024 quarterly report on area and stocks prompted fund movements back to April 2024 price levels. Technical sales led to declines in previous market gains.

Global projections for 2024/25 showed minimal changes in production and consumption but indicated declines in trade and stocks to some of the lowest levels in recent years. The global wheat balance for 2024/25 tightened, supporting future price increases. However, declines in trade and weekly exports from the US tempered market conditions. Price trends showed declines, closing significantly below the 20-day average of USD 226/ton for Chicago and USD 238/ton for Kansas.

Headline News

The USDA's quarterly report on planted area and stocks weighed heavily on prices. Factors such as rapid harvest progress in the Northern Hemisphere and improved planting conditions in Argentina influenced market sentiment.

Doubts surrounding the 2024/25 wheat production forecasts prompted reversal of short positions among investment funds in wheat. In the absence of clear direction, bearish factors exerted pressure, causing prices to rise for two weeks. However, recent trends show a return to fund sell-offs.

WHEAT

The European Union raised its wheat forecast for the campaign by +1.2 to a total production of 122 MMT, projecting increased exports for this and the next season. Russia, anticipating a new harvest in 2024/25, foresees robust sales amid geopolitical pressures.

Weekly wheat exports reported by the USDA met expectations at 0.667 MMT, within the forecast range of 0.2-0.66 MMT.

In Chicago, wheat prices declined over the past weeks, more than 10% from recent highs recorded over the last ten months, settling back to mid-April 2024 levels. The USDA's 2024/25 wheat outlook for Argentina forecasts 21 MMT, a figure that surprised amidst current economic conditions.

In the US, wheat crops suffered from drought and frost, with replanting efforts falling short.

Changes in recent weeks have not been sufficient to validate new operations in international trade. Meanwhile, events in Rio Grande do Sul have deteriorated Brazil's wheat campaign.

Fundamentals Analysis. 2024/25 Wheat. USDA & CIG, 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.

According to the International Grains Council's Grain Market Report dated June 27, 2024, global indicators were estimated to be tighter compared to the previous month. Year-on-year for 2024/25, production remained unchanged at 793 MMT. Export volumes are projected to decrease by -7.2% to 194 MMT, and total usage would also decline by -0.62% to 800 MMT. However, this upward momentum was weak, overshadowed by significant profit-taking (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. Both the financial dollar and the futures term exerted downward pressure. For cash or contract deliveries, the price paid was USD 217,000/ton, marking a low since mid-May 2024. The local price surpasses the external reference, influencing nearby sales and/or fixed operations. In Rosario, spot wheat prices declined by 7.9%, closing at USD 238/ton (last two weeks: 258; last month: 278). In local currency, Rosario spot prices fell by 6.6%, closing at USD 217,000/ton, the lowest since early May. Futures positions for July and January 2025 sharply declined to USD 236 and USD 216 per ton, respectively. Yield projections for the crop season varied, declining for the upcoming season.

Yields

The profitability of wheat declined for the current harvest at the available price declined USD 248/ton, with typical yields and standard technology, indicating approximate gross margins of USD 191 and 348/ha. Comparatively, January 2023 was less attractive, as prices dropped and settled at USD 216/ton (Chart 1).

Harvest Projections

According to the Buenos Aires Grain Exchange, as of June 26, 2024, planting for the 2024/25 wheat season reached 81% (5% ahead) of the projected 6.2 Mha. Progress in the central region of the country shows 72% emergence with optimal to adequate soil moisture reserves. Harvest projection settled at around 17 MMT.

CORN

During the last fortnight, corn prices in Chicago saw modest net gains of -12%, closing at USD 183/ton (compared to USD 177 in the previous fortnight and USD 176 the previous month). According to the International Grains Council (IGC) for the global level, in the 2024/25 cycle, they estimated a slight decrease and marginal increase in production and consumption, with a sharp decline in trade and a reduction in stocks. Investment funds have resumed accelerating sales, increasing short positions with net bearish and long positions. US weekly exports were fairly poor. Local harvest progressed to reach 49.5%, declining to 49.5 MMT

International Market

Last Fortnight Prices

During the last fortnight, corn prices in Chicago saw modest net gains of -12%, closing at USD 183/ton (compared to USD 177 in the previous fortnight and USD 176 the previous month). According to the International Grains Council (IGC) for the global level, in the 2024/25 cycle, they as the reporting estimated a slight decrease and marginal increase in production and consumption, with a sharp decline in trade and a reduction in stocks.

This environment was also neutral to bearish for future feed prices. However, global trade conflicts persist, accompanied by rising logistics and transportation costs. Additionally, there is a noted weak demand from the meat industry in China and Europe, which is constrained and showing signs of weakness in demand. The price relationship with wheat has adjusted and could favor demand from the livestock sector. Weekly exports from the US were sluggish but in line with expectations. Investment funds have resumed accelerating sales and increasing short positions, resulting in net bearish and short positions. Price trends remained bearish, closing USD 22 below the twenty-day average of USD 178/ton.

Global News

In international news, there was significant attention on futures prices experiencing sharp declines on the CBOT. Prices dropped a total of USD 10/ton over the week. Additionally, the USDA raised corn hectares by +0.6 Mha, well above expectations. There is expected to be a replenishment of 22.6 MMT in year-on-year stocks, 3 MMT more than anticipated.

The market continues to assess the impact of floods in Brazil and extreme heat in the major corn and soybean producing regions of central US.

The International Grains Council (CIC) raised its forecast for global corn production in 2024/25 by +3 MMT, driven by improvements in Brazil's harvest.

CORN

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.

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

Traders in investment funds turned net buyers of nearby corn contract contracts. However, in the previous weeks, the opposite occurred, leading to price increases that were not sustained.

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. USDA & IGC, June 2024.

According to the USDA WASDE report, as of Jun 12, US 24/25 marketing year indicators were unchanged. Production was confirmed -3.1% higher at 377.5 MMT. Exports will grow annual +2.3% to 55.9 MMT. Total use increased 0.4% to 320.2 MMT Ending stocks would close +3.9% higher at 53.4 MMT, 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 IGC GMR report dated June 27, 2024, for the global level, for the global level and the 2023/24 marketing year, there an estimated year-on-year sharp decline in production marginal of -0.2% to 1223 MMT (2022/24: 1225). Exports declined by -6.3% to 178 MMT (2023/24: 190). Total use rose by barely 0.8% to 1228 MMT (2023/24: 1218). The 24/25 year-end balance would close with a slight decrease in stocks of -2.1% to 281 MMT (2023/24: 287). The stock-to-use ratio settled lower at 22.9% (2023/24: 23.6). The balance is tighter, but with a significant decrease in trade and a slight reduction 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 sharp declines, with net variations showing higher gains in both dollars and pesos. Harvest progress exerted pressure, supporting prices due to demand.

The spot price in Rosario saw weekly declines totaling -5%, closing at 176 USD/t (last fortnight: 185; last month: 178). In local currency, the decrease was -4.2%, ending at ARS 160,000/ton. Local futures from July 2025 to December 2024 declined by approximately -5%. For April 2025, there was a decline of -3.9%, with prices settling at USD 176/ton. Harvest projections were estimated unchanged at 46.5 MMT.

Crop Yield

The profitability of corn for the current harvest at the spot price of USD 176/ton, assuming typical yields and standard technology, provided indicative gross margins of USD 281 and 485/ha. April 2025 was less attractive as it also paid USD 176/ton (Table 1).

Harvest projection

According to the Buenos Aires Grain Exchange, as of June 26, 2024, corn harvest area of 17.2 Mha progressed to 54.9%. 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 bi-weekly soybean prices experienced a net decrease of -2.5%, closing at USD 423/ton (last fortnight: 443; last month: 451). Soybean oil, fluctuating around $\pm 2.5\%$, ended at USD 965/ton (last fortnight: 963; last month: 1003). Meanwhile, soybean meal declined by -2.2% to USD 397/ton (last fortnight: 406; last month: 402). The June 2024 monthly report from the International Grains Council (IGC) confirmed the global production increases for 2024/25, aligning with the USDA's assessment, with notable growth leading among grains. Hedge funds reversed their net positions, exerting bearish pressure on the market. Local harvest progress is 98% completed, with the production projection adjusted to 50.5 MMT.

International Market

Last Fortnight Prices

During the last fortnight (June 14-28, 2024), nearby soybean futures (Jul-24) in the US experienced slight weekly but continued declines, down 2.1% to USD 433/ton (last fortnight: 433; last month: 443). Soybean oil, fluctuating around $\pm 2.5\%$, ended at USD 965/ton (last fortnight: 963; last month: 1003). Meanwhile, soybean meal recovered by a net -2.2% to USD 397/ton (last fortnight: 406; last month: 402). The June 2024 monthly report from the International Grains Council (IGC) confirmed the global production increases for 2024/25, aligning with the USDA's assessment, with notable growth leading among grains. It is expected a record production, up by +5.9% to a record 415 MMT, exports up by +2.9% to 175 MMT, and total use up by +5.8% to 404 MMT. This would result in a strong increase in stocks by +16%, the highest in seven years. With a more comfortable balance, this was bearish for future prices. The trend in soybean prices was downward, closing USD 13 below the four-week average of USD 436/ton.

International News

The June 2024 monthly report from the International Grains Council (IGC) was bearish news for soybeans, as Chicago soybean futures declined by USD 6.20/ton for the 5th consecutive week. The IGC's Supply and Demand Outlook projected a record global production for the 2024/25 soybean cycle, leading to surplus conditions and bearish market sentiment. Global production is expected to reach a new high of 415 MMT, which is putting downward pressure on prices.

The USDA reported that exporters sold 0.283 MMT of soybeans from the 2023/24 season, below market expectations.

SOYBEAN

Quarterly stock reports from the USDA indicated an increase in acreage compared to March forecasts (0.1 Mha), but actual hectares decreased by 0.17 Mha. Year-on-year stocks grew by 4.74 MMT, surpassing market expectations.

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

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.

A significant development was the reversal in Chicago-operated funds, with both buying and new selling activities failing to reduce the volume of near-term sales.

This bearish effect was observed across all grains, particularly impacting soybeans and corn. Commodity funds have predominantly been net sellers of soybean and soybean meal futures. After two weeks of reversals, uncertainties persist among traders regarding market directions.

Soybean and soybean meal futures have been temporarily overvalued due to technically driven purchases to cover short positions or fulfill delivery needs. Indeed, this trend reversed once again in the past few weeks.

Fundamentals Analysis. 2024/25 Soybeans. USDA & CIG, June 2024.

According to the USDA WASDE December report regarding the US 2024/25 marketing year, production posted a +7% decline to 121.1 MMT (2022/23: 113.3). Exports are expected to grow annually by 7.4% 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. It was confirmed in the US for 2024/25 that there will be a larger soybean area at the expense of corn acreage.

SOYBEAN

According to the International Grains Council (IGC) report dated June 27, 2024, for soybeans at the global level in the 2024/25 cycle, it was estimated to have the highest year-on-year increase among grains, with production up by +5.9% to a record 415 MMT (2023/24: 392). Exports rose 2.9% to 175 MMT (2023/24: 170). Total use rose 5.8% to 404 MMT (2023/24: 382). Thus, the 2024/25 season would close with a significant increase in stocks, up by 16% to 79 MMT (compared to 68 MMT in the 2023/24 cycle), marking the highest levels in seven years. The stock-to-use ratio would increase to 19.6% (compared to 17.8% in the 23/24 cycle). With this more ample year-on-year balance, the 2024/25 cycle proved bearish for future prices of the oilseed (Table 3).

Local Market

Last Fortnight Prices

During the last fortnight, the local market experienced steep declines in spot prices, reaching USD 312/ton and ARS 284,000/ton. Positions for Jul-Nov-24 were traded down by approximately -5%. As a result, fixed-price sales and forward contracts for more distant months declined. Prices for May-25 decreased to USD 293/ton. Marketing activities remain below the five-year average. With harvest progress, sales are awaiting better opportunities.

Crop Yield

The profitability for the current harvest at the spot price of 312 USD per metric ton, assuming typical yields and modern farming technology, provided indicative gross margins of USD 327 and 539/ha. It was less enticing to lock in prices for May 2025, as it paid the same at USD 293/ton (Table 1).

Harvest projection

According to the Buenos Aires Grain Exchange, as of June 26, 2024, the soybean harvest progressed to 99.7% 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

Last fortnight, vegetable oil prices evidenced 1.2% net rises at the Port of Rotterdam and at the main export ports. The rapeseed and palm oil led the price increases. The average prices closed around USD 1000/ton. Available wheat price closed at USD 1006/ton (last fortnight: 994; last month: 1005). 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 (June 14-28, 2024), average prices of vegetable oils at Rotterdam and major export ports showed slight increases, resulting in net gains of 1.2%. The June 2024 monthly report from the International Grains Council (IGC) confirmed the global production increases for the 2024/25 period, similar to the USDA's projections, leading growth among grains and soybeans. In Rotterdam, canola and palm oil led the price increases. Average prices approached one thousand dollars per metric ton, with the closing index averaging USD 1006/ton (last fortnight: 994; last month: 1005). The trend remained sideways, closing USD 9 dollars below the four-week average of USD 1015/ton.

International News

According to Oil World June reports, highlighted increases in global soybean production and crushing for 2024/25, along with soybean meal and oil exports. It is estimated that global soybean production will increase by +28 MMT in 2024/25, resulting in a third consecutive season of global surplus. Under normal weather conditions, soybean prices are expected to fall below USD 400/ton, driven by harvests in North and South America. Farmers will contend with bearish supply fundamentals and commercial policy challenges.

In contrast, global supplies of sunflower and rapeseed are projected to decline by 4 MMT in 2024/25, following unusually high annual increases in both seeds in 2022/23 and 2023/24. While production of both meals will be compensated by increased soybean meal, the production deficit in both oils will pose greater challenges globally, particularly with below-normal growth forecasts for palm oil.

VEGETABLE OILS

A global deficit in sunflower and rapeseed oil production is expected in Jul/Sep-24, exacerbating in 2024/25. Decreased inventories are likely to strengthen oil and fat prices.

Global production of 10 oilseeds is anticipated to reach 665.5 MMT in 2024/25, a +30 MMT increase from the previous year, with significant gains from Brazil, the US, Argentina, and Canada.

Worldwide sunflower production is forecast to grow by +1.9 MMT to 60 MMT in 2024/25. Farmers have expanded sunflower acreage at the expense of other crops, with an increase of +1.2 Mha to a new record of 30.9 Mha.

Global biodiesel production is expected to rise by +3.5 MMT to 62.7 MMT in 2024, with major increases in the US and Brazil.

Increased import tariffs on Russia and Belarus could disrupt the EU protein market.

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 is expected to close with a stock-to-use ratio of 13.3% compared to 14.5% in the 23/24 cycle. 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.

VEGETABLE OILS

Local Market

During the last fortnight, global oil markets saw slight rises with minimal gains in soybean oil. In the Rosario Chamber and in the indicative market, it gained 1.5% to USD 350/ton, while in the spot market it remained unchanged, closing at USD 300/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 350/ton, indicative gross margin stood at USD 185 and USD 364/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 28/06/24		WHEAT		SUNFLOWER		CORN		SOYBEANS	
Yield	qq/ha	35	45	18	25	75	95	28	38
Future price	u\$/qq	23.8	23.8	35	35	17.6	17.6	31.2	31.2
Gross income	u\$/Ha	833	1071	630	875	1320	1672	874	1186
Selling expenses	%/IB	25	25	18	18	35	35	24	24
Net Income	u\$/Ha	625	803	517	718	858	1087	664	901
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	75	96	57	79	92	117	70	95
Direct costs	u\$/Ha	-434	-455	-332	-354	-577	-602	-337	-362
Gross margin	u\$/Ha	191	348	185	364	281	485	327	539
PLANTING PERCENTAGE				230			197		339
GM-40%GI	u\$/Ha	-142	-81	-67	14	-247	-184	-22	65
Gross margin									
PLANTING PERCENTAGE	qq/Ha	10	10	9	9	20	20	13	13
GM-40%GI	u\$/Ha	-47	110	-130	49	-71	133	-79	134

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..

GMR555	21/22	22/23	23/24	24/25	
Wheat				23-may	27-jun
Production	780	804	793	795	793
Trade	198	209	209	196	194
Consumption	784	796	805	801	800
Ending Stock	273	280	268	260	261
S/C %	34.8	35.2	33.3	32.5	32.6

Source: IGC GMR 555. June 27, 2024

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

GMR555	21/22	22/23	23/24	24/25	
Corn				23-may	27-jun
Production	1223	1163	1225	1220	1223
Trade	181	180	190	175	178
Consumption	1211	1181	1218	1225	1228
Ending Stock	298	280	287	281	281
S/C %	24.6	23.7	23.6	22.9	22.9

Source: IGC GMR 555. June 27, 2024

CHARTS

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

GMR555	21/22	22/23	23/24	24/25	
Soybeans				23-may	27-jun
Production	357	375	392	414	415
Trade	157	173	170	172	175
Consumption	360	370	382	404	404
Ending Stock	53	58	68	78	79
S/C %	14.7	15.7	17.8	19.3	19.6

Source: IGC GMR 555. June 27, 2024

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

GMR555	21/22	22/23	23/24	24/25	
Soybeans				23-may	27-jun
Production	357	375	392	414	415
Trade	157	173	170	172	175
Consumption	360	370	382	404	404
Ending Stock	53	58	68	78	79
S/C %	14.7	15.7	17.8	19.3	19.6

Source: IGC GMR 555. June 27, 2024

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