

16-10-2024 - PERIOD:
27/09/2024 A 11/10/2024

Argentina Agri Market Report

*We help our clients add value to their
activities.*

Argentina Agri Market Report

16-10-2024 - Period: 27/09/2024 to 11/10/2024

This information pertains to the last two weeks (September 27 - October 11, 2024). The grain market is characterized by reports from the Chicago Board of Trade (US), as well as institutions such as the USDA, FAO, IGC, Oil World, and other private sources.

INDEX

Summary	3
Wheat.....	6
International Market	6
Local Market	8
Corn	9
International Market	9
Local Market	11
Soybean.....	12
International Market	12
Local Market	14
Vegetables Oils	15
International Market	15
Local Market	17
Charts	18

SUMMARY

International Overview

According to the USDA's October 2024 World Agricultural Supply and Demand Estimates report, the outlook for 2024/25 wheat crop is bullish, with a decrease in stocks of 3.2% and a stock-to-use ratio that is 32% lower than the previous cycle. The global corn outlook is similar, slightly bullish, with a modest stock decline of 2% and a stock-to-use ratio that is 25.1% lower than the previous cycle. In contrast, the global soybean market, leading among grains and achieving record production levels, presents a bearish outlook, with ending stocks increasing by nearly 20% and a stock-to-use ratio that is 33.4% higher than the previous cycle. For oils, the balance appears tight, with improved inventories and an even tighter stock-to-use ratio, particularly for sunflower oil, which, like canola oil, has experienced production declines, reduced trade, and lower ending stocks. Additionally, the estimates for production and record yields in the US for corn and soybeans were surprising, offsetting changes in acreage among these crops.

For the grain market, expectations for the 2024/25 cycles of soybeans, corn, and sunflower depend on the developments of the crops in the Southern Hemisphere, especially regarding the primary commodity--soybeans. For this latter crop, it appears that area expansion is taking precedence over a rationale that would indicate a clear excess supply.

On the commercial front, the US dollar has improved its streak over the past two years, bolstered by positive economic data from the US, prompting traders to reassess their bets on more aggressive interest rate cuts by the Federal Reserve. However, a stronger dollar compared to other currencies is not an attractive incentive for grain trade and, by extension, for other commodities.

According to major sources, the global grain supply and demand balance shows marginal growth in both production and consumption, declines in trade and ending stocks. This trend has persisted over the last cycles, reflecting weak demand for essential food products and livestock feed. In contrast, grain prices, lacking incentives, are within the lower ranges observed over the past decade.

In the last fortnight (September 27 - October 11), prices for near-term November 2024 contracts in the Chicago market revealed increases in corn and soybeans, while wheat and oil prices decreased. Soybean prices led the declines, dropping USD 32 to USD 359.5/ton, soybean meal fell USD 30 to USD 349/ton, while soybean oil gained USD 28 to USD 958/ton. Corn prices decreased by USD 1 to USD 164/ton, Chicago wheat increased by USD 7 to USD 164/ton, and Kansas wheat rose by USD 10 to USD 222/ton. In turn, oils gained USD 14 closing at USD 1085/ton on their average index.

SUMMARY

Wheat, Corn and Soybean Crop Condition in the US.

According to the USDA as of October 7, 2024, crops in the US for the 2024/25 season are progressing within expectations at critical reproductive stages and harvest is progressing. Soybeans and corn are 85% and 79%, respectively, in leaf and grain loss stages, ahead to the average of 78% and 59%. Soybean is 31% and corn is 25% up harvested, up from the average of 28% 15%, respectively. Good to excellent crop condition for corn and soybeans was reported at 64% and 65%, compared to the average of 61% and 59%, respectively.

Spring wheat is 99% harvested, in line with the average of 98%. Winter wheat is 43% planted and 19% emerged, matching the average (42% and 20%) expected by this date, respectively. US harvest data indicate good yields, leading to bearish news for prices. Yield projections and final data about US summer harvest are favorable and in line with the USDA's projections.

US Wheat, Corn and Soybean Weekly Exports

According to the USDA report dated October 3, 2024, published on October 10, 2024, total weekly exports from the US for the 2024/25 crop year were largely normal for corn, wheat and soybeans. For the week, export figures were varied and settled within expectations, exerting a neutral effect on prices. Corn exports totaled 1222 MMT, within the expected range of 0.9-1.7 MMT, a neutral trend. Soybean exports were strong at 1.264 MMT, but within the expected range of 0.8 to 1.7 MMT, resulting in a neutral outlook. Finally, wheat exports for the 2024/25 crop year totaled 0.434 MMT, also within the expected range of 0.25 to 0.55 MMT, which is neutral for prices. For the new 2025/26 cycle, initial wheat exports were reported at 5.5 TMT, while soybean cuts amounted to -8.4 TMT, without any visible effects on prices.

US hedge funds

Regarding US investment funds, the Commodity Futures Trading Commission (CFTC) report as of October 1, 2024, indicated a bullish trend for soybeans and a for corn, and a more slightly to neutral position for wheat. Specifically, for soybeans, net purchases amounted to 3.53 MMT, reducing the net short position to -8.56 MMT (previous estimate: -12.09), reflecting a bullish movement with a net interest rate of -5.5% (last week: -8.06). For corn, there were substantial net purchases of 4.34 MMT, lowering the net short position to -12.34 MMT (previous estimate: -16.68), indicating a bullish trend with a net interest rate of -5.1% (last week: -7.46). For wheat, net purchases totaled 0.55 MMT, reducing the net short position to -8.83 MMT (previous estimate: -7.73 MMT), showing a marginally to bullish trend equivalent to a net interest rate of -13.3% (last week: -15.32). all products.

SUMMARY

Finally, index funds (wheat, corn, and soybeans) increased their net long positions by 4.81 MMT, closing at 67.87 MMT. Short positions and/or near-term contracts still persist, but buying interest has seen the highest activity in nearly two months. Funds showed a shift and strengthened prices across all products.

Argentine Overview

According to Rabobank, the increase in commodity prices is having a positive impact and is likely to boost production. Adverse weather conditions and high production costs have slowed the global supply of products in 2024. An increase in commodity prices is expected to have a favorable impact on production. The source anticipates modest year-on-year price increases of 0.14% for 2024, followed by 0.65% for 2025. In this context, EU prices have risen by 4%.

Doubts persist regarding local market signals with low prices and weather conditions, particularly temporary drought affecting planting, with more significant impacts in Brazil, current leading soybean producer.

The respective exchanges indicate that the estimated planting areas for corn and soybeans have adjusted as expected, with corn area decreasing and soybean area increasing.

The projection for Argentina's 2024/25 corn harvest is a decline of 8% to 6.3 Mha and production at 47 MMT. For soybeans, an increase in planting of 11% to 19 Mha is projected, with production at 52 MMT. Adding sunflowers at 1.95 Mha with production at 4 MMT, and sorghum at 1 Mha with production at 3.3 MMT, as well as wheat at 6.3 Mha and 18.6 MMT, based on weather conditions and the evolution of indicators, the forecast for the 2024/25 harvest is a total area of 35.95 Mha and a total production of 130 MMT. If achieved, this would represent a 2% increase in area and a 2.6% increase in production compared to the 2023/24 harvest. It is important to highlight the shift in area from corn to soybeans, similar to what occurred in the US this season.

WHEAT

Over the last fortnight, US wheat futures prices have shown increases, outperforming corn, and soybeans, with Chicago wheat closing up +3.2% at USD 220/ton (last fortnight: 213; last month: 210), and Kansas wheat closing 4.7%, lower at USD 222/ton (last fortnight: 212; last month: 213). Buying funds trimmed their net short positions and turned bullish. The USDA supply and demand report for October 2024 was bearish for the US, with increased stocks and carryovers, but globally, there were year declines in trade and a tighter balance. There were decreases in the EU and drought conditions in Russia. Prices adjusted upward for Chicago and Kansas, respectively.

International Market

Last Fortnight Prices

During the last fortnight (September 27-October 11), future wheat prices for December 2024 showed mild fluctuations on several weeks, surpassing corn and soybean gains. In Chicago, prices closed with net gains of 3.2%, reaching USD 220/ton (last fortnight: 213; last month: 210), while Kansas saw a net increase of 4.7%, closing at USD 222/ton (up from USD 212 in the last fortnight and USD 213 the previous month). The USDA's October 2024 Supply and Demand report indicated that the US is experiencing its highest production in nine years, with trade increases of 17% and ending stocks up 16%, resulting in a stock-to-use ratio of 71%, which is bearish for prices. On a global scale, a contraction in stocks and trade is estimated, with a marginal increase in usage of 0.6%, which is bullish for cereal prices. However, drought conditions in Russia and Ukraine complicate winter wheat planting and trade flow due to the ongoing conflict. The price trend in Chicago shifted to bullish, closing USD 5 above the 20-day average for both Chicago and Kansas, at USD 220 and USD 222/ton, respectively.

Headline News

The USDA's October 2024 report highlighted US production at 54 MMT and a stock-to-use ratio of 71%, both the highest levels in nine years, serving as a bearish argument in the market.

Nevertheless, global production is projected to close the 2024/25 cycle with a year-on-year increase of 0.5%, a low usage increase of 0.6%, and a 3.7% decline in exports, resulting in global stocks decreasing by 3.2% to 257.7 MMT. The stock-to-use ratio declined to 32.1%, the lowest since the 2014/15 cycle, which provided a bullish backdrop for prices.

WHEAT

The IGC report for September 2024 indicated a global annual growth of 0.5% and a consumption decrease of -0.4%. Ending stocks fell by 1.8% to 267 MMT, and the annual stock-to-use ratio declined to 33.3%. This provided bullish comparisons for the following month.

Ukraine continues to export rapidly, with 5.80 MMT of wheat exported since July -- compared to 3.12 MMT for the same period in 2023. Winter wheat planting in Russia is a source of concern due to the delay and lack of moisture.

Drought in the EU and Russia and logistical issues in the Black Sea region have raised concerns about global wheat production for 2024/25, prompting reversals in short positions among investment funds.

Additionally, there were warnings from the Buenos Aires Grain Cereal Exchange regarding 30% to 40% of wheat crops being in regular to poor condition. The projection remained steady at 18 MMT.

Russian wheat prices have been reported low on the market. For Argentina, the USDA's 2024/25 wheat projections settled at 18 MMT.

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

According to the USDA WASDE report, as of October 11, US 2024/25 marketing year indicators showed slight changes. Year-on-year production was 9.3% higher at 53.7 MMT (2023/24: 49.1), a 9-year record high. This is based on an area of 15.6 Mha and a yield of 3.45 ton/ha. Annual exports are projected to rise sharply by +16.7% to 22.5 MMT (compared to 19.2 MMT in 2023/24). Total annual use would increase by 3.4% to 31.2 MMT (2023/24: 30.2). The balance closed +16.5% higher at 22.1 MMT y.o.y. (2023/24: 18.9). The stocks-to-use ratio would rise to 71% versus 62% in the preceding marketing year. Said balance -including higher trade and stocks- was bearish for cereal prices.

According to this report, global 2023/24 production was up 0.5% at 794.1 MMT (last month: 797; 2023/24: 790.4). Exports dropped -3.7% year-on-year to 215.8 MMT (last month: 216.5; 2023/24: 224.1). Total use is expected to grow by 0.6% to 802.5 MMT year-on-year (last month: 804.5; 2023/24: 797.8). Ending stocks fell by 3.2% year-on-year to 257.7 MMT (last month: 257.2; 2023/24: 266). The stock-to-use ratio declined to 32.1% (last month: 31.9; 2023/24: 33.4). The year-on-year balance was tight, with decreased trade and stocks, and slightly higher for cereal prices (see Table 1).

WHEAT

Local Market

Last Fortnight Prices.

During the last fortnight, the local market surpassed Chicago's, accumulating weekly rises. For the available product with contractual delivery, prices adjusted sharply down by 7% to USD 230/ton (last fortnight: 214.5; last month: 220), with prices in pesos closing 8% higher at ARS 225100/ton. The local cereal strengthened in the near-term contracts and fixed operations at 2%. The future position for January 2025 increased by 1.6% to USD 220/ton. The crop projections increased prices for the new harvest, with few contracts being secured in the spot market and/or futures.

Yields

The profitability of wheat declined for the new harvest, with available price rising to USD 230/ton. With usual yields and standard technology, this would yield indicative gross margins of USD 172 and USD 324/ha. Selling for January 2025 was not very attractive, as it could be secured at USD 220/ton (Table 1).

Harvest Projections

According to the Buenos Aires Grain Exchange, as at October 10 water conditions have improved, covering 5-51% of the area. However, the condition of the crop is rated regular/poor at 38%, with 25% in flowering in the central agricultural region, requiring rain to sustain yields. The projection remains at 18 MMT.

CORN

During the last fortnight, corn prices in Chicago fluctuated with weekly declines and losses, achieving a net increase of - 0.6% to close at USD 164/ton (last fortnight: 165; last month: 154). According to the USDA's October 2024 report, the 2024/25 balance for the US shows slightly lower production due to reduced acreage and record yields. Trade is expected to increase by 1.4%, with usage remaining stable and a significant stock increase, which is bearish for prices. Globally, the report closed with a tighter balance, showing a 2% decrease in stocks and a stock-to-use ratio of 25%. Investment funds made new purchases, reducing net short positions, which contributed to a bullish outlook. US 2024/25 weekly exports were as expected. The Buenos Aires Grain Exchange estimated planting at 6.3 Mha for 2024/25, with a delay in planting due to a lack of moisture.

International Market

Last Fortnight Prices

During the last fortnight (September 27-October 11), futures prices (December 2024) for corn in Chicago showed weekly fluctuations with a net drop of -0.6%, and prices closing at USD 163.7/ton (last fortnight: 164.8; last month: 153.9). The USDA's October report estimated a year-on-year decrease in US production of 0.9% to 386 MMT, alongside a 4.4% reduction in acreage and a 3.7% increase in yield. Trade at 1.4%, similar use, and a significant stock increase of 14% were bearish for prices. On the global stage for the 2024/25 cycle, the IGC's year-on-year balance was tighter, showing a significant decline in trade and a stock reduction of 2%, leading to a stock-to-use ratio of 25% compared to 25.7% in the 2023/24 cycle. Investment funds have significantly reduced their net short positions, which has been bullish for the market. US weekly exports were as expected. However, the price trend weakened, and turned almost neutral, with prices closing on par with the 20-day average of USD 164/ton.

Global News

The USDA report for October 2024 indicated a lower annual production forecast for the US in 2024/25, but within stocks and a balance this was bearish for prices.

Global stocks for the 2024/25 cycle are projected to decline by 1.8% to 306.5 million tons, with a stock-to-use ratio of 25.1%, down from 25.7% in 2023/24. The tighter balance, combined with a reduction in trade, was slightly bullish for feed grain prices.

In South America, the balance remained unchanged, and global stocks fell by 1.83 MMT to 306.5 MMT, primarily due to the cuts in the US.

CORN

Recent reports indicated stable corn prices in Chicago over the last few weeks, with a net decline of just 0.6% after five consecutive weeks of gains.

The weakness of the dollar led to a response encouraged by favorable economic reports from the US, which led to postponing adjustments to bond interest rates. This had a depressing effect on prices for all commodities.

Uncertainty persists regarding the planting of cereals for the 2024/25 season in the Southern Hemisphere, while the US harvest is nearing completion. The occurrence of two tornadoes and reports on infrastructure impacts at ports and transportation could delay the harvest and the commercial flow of corn, which is bullish for prices.

Additionally, weekly export sales reported by the USDA fell within expectations.

According to the Rosario Stock Exchange and the Buenos Aires Grain Exchange, the projected area for planting in the 2024/25 season is expected to decline to approximately 6.3 Mha. As a result, the sorghum crop is drawing significant attention, with potential for expansion in several regions.

In the 2024/25 cycle, Argentina's planting and production will be noteworthy, particularly with a shift in area between corn and soybeans. A similar situation occurred in the US during this cycle, but production was unaffected due to good yields in the country. .

Traders in the investment funds continued to buy nearly 4.5 MMT, reversing their net short positions to almost 12.5 MMT, a ten-year record low.

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

According to the USDA of October 2022, 24's Supply and Demand report for the US in the 2024/25 cycle, year-on-year production is estimated to decrease by 1% to 386.2 MMT, down from 389.7 MMT in the 2023/24 cycle. This was accompanied by reduced acreage shifting to soybeans, totaling 33.5 Mha, with a record yield of 11.54 ton/ha. Trade closed 1.4% higher at 59.1 MMT (2023/24: 58.2). Total annual use is projected to decline marginally by 0.1% to 321.7 MMT (up from 322 MMT in the 2023/24 cycle). Ending stock would thus increase by +13.5% to 50.8 MMT (from 44.7 MMT in 2023/24 crop year), a record-high since 2018/19. The stocks-to-use ratio would rise to 15.8% versus 13.9% in the preceding cycle. This balance estimated reduced annual supply and slight rebuilding of stocks, which is bearish for feed grain prices.

CORN

According to the report, the global level and the 24/25 cycle are estimated to see a year-over-year marginal decline of the production estimate of -0.7% to 1217.2 MMT (last month: 1219 Sep; 2023/24: 1225). Exports are expected to decrease by -3.1% to 190.7 MMT (last month: 182.8; 2022/24: 198.7). Total use is expected to grow marginally by 0.5% to 1223 MMT (last month: 1220; 2023/24: 1217.4). The year-on-year balance for 2024/25 would close with a -1.8% decline in stocks at 306.5 MMT (last month: 308.3; 2023/24: 312.7). The stocks-to-use ratio would reach 25.1% vs 25.3% last September 2024 and 25.7% in 2023/24. The adjusted year-on-year balance, along with a decline in trade, was slightly bullish for feed grain prices (Table 2).

Local Market

Last Fortnight Prices

During the last fortnight, the local market mirrored the gains in Chicago, reflecting net increases of 4.1% in dollars and 5.1% in pesos. In Rosario, the spot price closed at USD 189/ton (up from USD 181.5 last fortnight and USD 177 last month). In pesos, it closed at ARS 185000/ton. Local futures for December 2024 were priced at USD 190/ton, while April 2025 futures rose by +2.1%, settling at USD 184.5/ton. Projections for the 2024/25 planting season indicated 6.3 Mha, of which only 18.5% have been planted, with delays attributed to moisture shortages. Significant uncertainties about costs and prices affirm a downward trend for the crop this season.

Crop Yield

For the current harvest, the profitability of corn at the available price of USD 189/ton, with typical yields and standard technology, offered indicative gross margins of USD 337 to USD 556/ha. The April 2025 contract was less attractive, as it was priced at USD 185/ton (Chart 1).

Harvest projection

According to the Buenos Aires Grain Exchange, as October 19, corn planting covered 18.5% of a projected 6.3 Mha total area. In Córdoba and Santa Fe, rainfall improved water conditions. In Entre Ríos, unplanted areas are being shifted to soybeans, with projections at 46.5 MMT.

SOYBEAN

Soybean prices for the fortnight showed net decreases of -8.4% to USD 359.5/ton (last fortnight: 392; last month: 363.5), prices settling below USD 400/ton. Soybean oil closed 3.1% higher at USD 958/ton (last fortnight: 930; last month: 897). Meanwhile, soybean meal fell sharply by -8.1% to USD 349/ton (last fortnight: 379; last month: 348). The USDA's October 2024 monthly report indicated annual production increases of 10% for both the US and worldwide, with a stock-to-use ratio up at 20%. Investment funds purchased, reducing their net short position in four weeks, leading to a bullish trend. The local harvest projection for 2024/25 closed at a record of 19 Mha, according to the Buenos Aires Grain Exchange. The USDA maintained the projection at 7.1 Mha and an output of 51 MMT.

International Market

Last Fortnight Prices

During the last fortnight (September 27- October 11), nearby futures (Nov -24) for soybeans in the US exhibited weeks of both gains and declines sharply lower, resulting in net weekly declines of -8.3%, and prices hitting 4-month records and closing at USD 359.5/ton (last fortnight: 391.6; last month: 363.5). Prices continue to hover around record lows since 2010. Soybean oil showed net weekly gains, increased by 3.1% and closed at USD 958/ton (compared to USD 930 the previous fortnight and USD 897 the previous month). Meanwhile, soybean meal fell sharply by -8.1% to USD 349/ton (last fortnight: 379; last month: 348). The USDA's October 2024 monthly report indicated annual production increases of 10% for both the US and globally, with a stock-to-use ratio of +20% for the US and a global stock-to-use ratio of 32%, compared to 14% the previous year. The balance was bearish for oilseed futures prices. US weekly exports met expectations. Investment funds purchased, reducing their net short position for the fourth consecutive weeks, indicating a bullish backdrop. Soybean prices declined, closing USD 25 below the four-week average of USD 374/ton.

International News

The report highlighted an estimated year-on-year increase in US production of 10.1% to 124.7 MMT, attributed to a reduction in corn acreage of nearly 2 Mha to 34.9 Mha, alongside a record yield of 3.57 ton/ha.

Exports would rise by +9.2% to 50.4 MMT while total use would grow +5.3% to 69.1 MMT.

SOYBEAN

The balance concluded with an increase in annual stocks of 14% to 14.9 MMT versus 9.3 MMT in the 2023/24 cycle. The stock-to-use ratio reached 21.7%, versus 14.1% the prior year, marking the highest level since 2018/19.

This forecast was compounded by unexpectedly high ending stocks, creating a bearish outlook for US harvests.

The global WASDE report did not reflect any changes in total production figures for South America. Global stocks would be projected at 134.65 MMT.

Continued reports from various sources highlight the growth of global soybean supply for the 2024/25 season, setting new records in key indicators.

The market did not emphasize the news regarding low soybean prices, which have fallen below USD 350/ton, marking the lowest levels since September 2010, and under USD 400/ton since November 2014. This means prices are still lower than they were a decade ago. Weekly export reports from the USDA were in line with expectations. This cut short several weeks of high records that had supported demand and prices.

The strong impact of the WASDE report on global estimates and aligned to a clear oversupply was noteworthy news. It is worth noting the imminent soybean planting in South America, with expectations for increased area but hampered by a lack of moisture this spring.

Area shifts in favor of soybeans are emulated by other oilseed-producing countries. Notably, projections indicate a record soybean planting for the 2024/25 season in Argentina. According to the Rosario Stock Exchange and the Buenos Aires Grain Exchange, these estimates are projected to be between 8% and 11%, higher than the previous cycle.

Fundamentals Analysis. 2024/25 Soybeans. USDA WASDE October 2024.

According to the USDA WASDE October report regarding the US 2024/25 marketing year, production posted a +10.1% rise to 124.7 MMT (2023/24: 113.3). This is based on an area of 34.9 Mha and a yield of 3.57 ton/ha record. Exports are expected to grow annually by +9.2% to 50.4 MMT (2023/24: 46.1). Total annual usage is projected to grow by +5.3% to 69.1 MMT (up from 65.6 MMT in the 2023/24 cycle). The balance concluded with an increase in annual stocks of 14% to 14.9 MMT (up from 9.3 MMT in the 2023/24 cycle). The stock-to-use ratio reached 21.7%, versus the previous month's 22.1% and the prior year's 14.1%, the highest level since 2018/19. As a result, Carryover stocks, which exceeded expectations, were bearish for oilseed prices.

SOYBEAN

According to the said report, for the global market and the 2024/25 cycle, strong year-on-year increases in soybean production were reiterated, marking the largest increase among all grains. Production was up by +8.7% to a record of 428.9 MMT (last month: 429.2; 2023/24: 394.7). Exports rose by 2.6% to 181.5 MMT (last month: 188.6; 2023/24: 176.9). Total use is expected to grow by 5% to a record of 402.7 MMT (last month: 402.9; 2023/24: 383.8). The 2024/25 balance would close with a significant increase in ending stocks, up +19.8% at 134.6 MMT (last month: 134.6; 2023/24: 112.4), marking an all-time record. The stock-to-use ratio is expected to rise to 33.5%, compared to 33.4% last month and 29.4% the previous year, which is also a record. This year-over-year balance for the 2024/25 cycle was strongly healthier and bearish for soybean prices (Table 3).

Local Market

Last Fortnight Prices

During the last two weeks, the local market, despite the bearish external reference, showed a slight decrease of 1% in dollars to USD 314/ton and a 0.6% decline in pesos to ARS 306000/ton at the close before the holiday on October 11. In the physical market, prices also fell, with transactions made at up to USD 313/ton for sales and contracts. For May 2025, prices declined by 0.9% to USD 295/ton. Sales remain slow and below average.

Crop Yield

The profitability for the current harvest at the available price of USD 314/ton, with usual yields and standard technology, offered indicative gross margins of USD 331 and USD 544/ha. It was less attractive to fix prices for May 2025, as it was only USD 295/ton (Table 1).

Harvest projection

According to the Buenos Aires Grain Exchange, the soybean harvest for 2023/24 concluded with an area of 17.3 Mha, average yields of 30 qq/ha, and a production of 50.5 MMT. USDA projections for 2024/25 soybeans led it is area planting to 16.9 Mha, and production estimated at 51 MMT. Locally, according to the Rosario and Buenos Aires exchanges, the planted area could reach around 19 Mha, depending on environmental conditions.

VEGETABLE OILS

Last fortnight, vegetable oil prices evidenced 1.8% gaining net rises and declines at the Port of Rotterdam and at the main export ports. Profits were cut for four weeks. Sunflower oil and canola oil led the increases. Average prices closed at USD 1085/ton, surpassing the floor of USD 1000/ton. The most significant price changes were seen in sunflower oil and canola oil. Increased soybean oil production will be key in the market. Local planting for 2024/25 has advanced to 13%, with a delay of 17% from the projected area of 1.85 Mha. In the northeastern region, sunflower crops are nearing the productive phase, while in the south, planting has just begun.

International Market

Last Fortnight Prices

During the last two weeks (September 27 - October 11), average vegetable oil prices in Rotterdam and the main export ports experienced weeks of significant increases and decreases, resulting in a net gain of +1.8%. Profits were cut for four consecutive weeks, but remained firm at over USD 1000/ton on average. In Rotterdam, sunflower oil and canola oil led the price increases, while soybean and palm oil showed significant gains and losses, offsetting each other. Average prices surpassed the USD 1000/ton mark, with the average index closing at USD 1085/ton (last fortnight: 1071; last month: 1024). The trend was upward, closing USD 13 above the four-week average of USD 1072/ton.

International News

According to Oil World in its October 2024 reports, global production of 17 oils and fats is estimated to be 263.4 MMT for the October/September 2024/25 period. An annual increase of only 2.9 MMT represents a significant slowdown compared to previous seasons.

The current season begins with total oil and fat stocks estimated to be 1.3 MMT lower than at the start of October 2024, with considerable reductions from India and Malaysia.

The shortage of sunflower and canola oil will only be partially offset by soybean and palm oil. Demand rationing will be inevitable in the energy and food sectors.

Palm oil exports increased significantly in September 2024, with Malaysia raising its share from 27% to 36%, totaling 4.8 MMT in July-September 2024.

The abundance of soybeans contrasts sharply with the scarcity of sunflower and canola seeds.

VEGETABLE OILS

It is estimated that the combined global production of sunflower and canola oils will decrease by 3.7 MMT in the 2024/25 marketing year. Despite abundant global soybean supplies, soybean processing cannot compensate for the production losses of these oils.

Economic prospects for soybeans and soybean meal are pessimistic unless drought conditions in South America are severe. Despite rising demand, global stocks could reach new highs.

In contrast, the strong global increase in soybean meal is projected to see declines of 1.7 MMT for the 2024/25 cycle in the other seven oilseed meals.

US soybean oil reserves fell in August 2024 to their lowest level in 10 months due to lower-than-expected processing and high domestic use.

Crop losses in the Black Sea region could hinder global exports in 2024/25. Oil exports are projected to drop by 2.1 MMT from the record of 16.0 MMT for the October-September 2023/24 period. Exports from Russia and Ukraine are expected to decrease drastically in 2024/25. Heat and drought conditions have endangered oilseed and cereal crops.

Global soybean meal production is expected to reach a record 272.5 MMT in the October/September 2024/25 cycle, exceeding 12 MMT for the second consecutive season.

Soybeans are poised to become the primary reserve for the vegetable oil market in 2024/25. However, increased processing will lead to a massive rise in soybean meal production.

Fundamentals Analysis. Vegetable Oils Market. USDA WASDE October 2024.

According to the USDA WASDE report dated October 11, the world vegetable oil market forecast a 2.1% production rise to 227.1 MMT (2023/24: 222.4) for 2022/24. Exports settled stable at 86.6 MMT (2023/24: 86.5). Use featured a rise of +2.8% settling at 223.5 MMT (2023/24: 217.4) and stocks declined by -5% to 28.8 MMT (last month: 30.4; 2023/24: 303).

The annual balance is expected to close with a stock-to-use ratio of 12.9%, compared to 13.5% last month and 13.9% in the previous cycle (Table 4). For sunflower oil, a significant year-on-year production decline of 9.7% is anticipated, bringing production down to 19.97 MMT (2023/24: 22.1). Exports are projected to decline by -20% to 12 MMT (2023/24: 15), and total use is forecast to drop by -8.7% to 19.1 MMT (2023/24: 20.9). This results in a closing balance with a stock decrease of -26% to 2.0 MMT compared to 2.11 in September 2023 and -24 MMT for 2023/24. The stock/use ratio is expected to close at 10.5% versus 13% in the previous year, which was bullish for prices (Table 5).

VEGETABLE OILS

Local Market

During the last fortnight, global oil markets showed increases, with the most notable gains being reported for palm oil, soybean oil, and sunflower oil. In the Rosario Exchange and the reference market, the price remained at USD 330/ton for the spot market, with declines in pesos to ARS 321000/ton.

Sunflower Yield

For the 2023/24 sunflower harvest, with yields of 18 and 25 qq/ha and the current delivery price of USD 330/ton, the indicative gross margin was USD 159 and USD 327/ha, respectively (see Chart 1).

Sunflower Harvest Projections

According to the Buenos Aires Grain Exchange, as of October 10, 2024, sunflower planting for the 2024/25 season, despite delays, has progressed to 13% of an area of 1.95 Mha. Rainfall in the central and northern agricultural regions could advance fieldwork. In the northeastern region, crops are approaching the reproductive stage, while in the south, planting has just begun. The projection for 2024/ 25 settled unchanged at 4 MMT.

CHARTS

Chart 1.

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

Date 11/10/24		WHEAT		SUNFLOWER		CORN		SOYBEANS	
Yield	qq/ha	35	45	18	25	75	95	28	38
Future price	u\$/qq	23	23	33	33	18.9	18.9	31.4	31.4
Gross income	u\$/Ha	805	1035	594	825	1418	1796	879	1193
Selling expenses	%/IB	25	25	18	18	35	35	24	24
Net Income	u\$/Ha	604	776	487	677	921	1167	668	907
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	72	93	53	74	99	126	70	95
Direct costs	u\$/Ha	-431	-452	-328	-349	-584	-611	-337	-362
Gross margin	u\$/Ha	172	324	159	327	337	556	331	544
PLANTING PERCENTAGE									
GM-40%GI	u\$/Ha	-150	-90	-79	-3	-230	-162	-21	67
LEASE									
Average rent	qq/Ha	10	10	9	9	20	20	13	13
GM-Rent	u\$/Ha	-58	94	-138	30	-41	178	-77	136

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..

Global Wheat	Area	Yield	Production	Exports	Total Use	Ending Stock	Stock use%
2014/15	221.4	3.31	732.1	162	707.2	225.7	31.91%
2015/16	223.4	3.31	739	172.2	716.8	247.9	34.58%
2016/17	222.5	3.4	757.3	185.7	737.3	267.9	36.34%
2017/18	217.9	3.49	760.3	187	740.7	287.5	38.81%
2018/19	214.7	3.4	729.8	178.1	733.4	283.9	38.71%
2019/20	215.2	3.53	759.3	195.1	745.8	297.4	39.88%
2020/21	220.2	3.51	772.7	199.6	786.1	284	36.13%
2021/22	221.6	3.52	780.4	206.2	790.8	273.6	34.60%
2022/23	219.6	3.6	789.5	217.7	789.4	273.6	34.66%
2023/24 /3	222.7	3.55	790.4	224.1	797.8	266.2	33.37%
24/25 (09) /2	222.1	3.59	796.9	216.5	804.9	257.2	31.95%
24/25 (10)/1	222.3	3.57	794.1	215.8	802.5	257.7	32.11%
Month-on-month change (1/2)	0.09%	-0.44%	-0.35%	-0.32%	-0.30%	0.19%	
Year-on-year change (1/3)	-0.18%	0.65%	0.47%	-3.70%	0.59%	-3.19%	

Source: USDA Wasde. October 11, 2024



CHARTS

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

Global Corn	Area	Yield	Production	Exports	Total Use	Ending Stock	Stock use%
2014/15	189.4	5.6	1060.9	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	194.1	5.6	1087.1	154.1	1095.6	342.1	31.22%
2018/19	193.1	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	184.2	1149.2	295.8	25.74%
2021/22	206.8	5.9	1217.6	193.5	1199.5	313.9	26.17%
2022/23	201.1	5.8	1160.7	180.8	1170.5	304.1	25.98%
2023/24 /3	203.6	6	1225.9	196.7	1217.4	312.7	25.69%
24/25 (09) /2	201.5	6	1218.6	192.8	1219.8	308.3	25.27%
24/25 (10)/1	201.5	6	1217.2	190.7	1223.3	306.5	25.06%
Month-on-month change (1/2)	0.00%	0.00%	-0.11%	-1.09%	0.29%	-0.58%	
Year-on-year change (1/3)	-1.03%	0.00%	-0.71%	-3.05%	0.48%	-1.98%	

Source: USDA Wasde. October 11, 2024



CHARTS

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

Global Soybeans	Area	Yield	Production	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	367.12	98.28	26.77%
2021/22	131.47	2.74	360.46	154.44	366.23	92.55	25.27%
2022/23	137.1	2.76	378.7	171.76	366.4	100.92	27.54%
2023/24 /3	139.74	2.82	394.71	176.87	383.8	112.37	29.28%
24/25 (09) /2	145.82	2.94	429.2	181.63	402.98	134.58	33.40%
24/25 (10)/1	145.81	2.94	428.92	181.53	402.72	134.65	33.44%
Month-on-month change (1/2)	-0.01%	-0.06%	-0.07%	-0.06%	-0.06%	0.05%	
Year-on-year change (1/3)	4.34%	4.14%	8.67%	2.63%	4.93%	19.83%	

Source: USDA Wasde. October 11, 2024



CHARTS

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

Vegetable Oils	Crushing	Extraction	Production	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	367.12	98.28	26.77%
2021/22	131.47	2.74	360.46	154.44	366.23	92.55	25.27%
2022/23	137.1	2.76	378.7	171.76	366.4	100.92	27.54%
2023/24 /3	139.74	2.82	394.71	176.87	383.8	112.37	29.28%
24/25 (09) /2	145.82	2.94	429.2	181.63	402.98	134.58	33.40%
24/25 (10)/1	145.81	2.94	428.92	181.53	402.72	134.65	33.44%
Month-on-month change (1/2)	-0.01%	-0.06%	-0.07%	-0.06%	-0.06%	0.05%	
Year-on-year change (1/3)	4.34%	4.14%	8.67%	2.63%	4.93%	19.83%	

Source: USDA Wasde. October 11, 2024



CHARTS

Table 4.**Sunflower Oil World Supply and Demand. In MMT..**

Sunflower Oil	Crushing	Extraction	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	19.49	3.11	15.96%
2023/24 /3	56.65	0.39	22.12	15.04	20.89	2.7	12.92%
24/25 (09) /2	50.98	0.39	19.82	11.92	19.24	2.11	10.97%
24/25 (10)/1	51.34	0.39	19.97	12.03	19.08	2	10.48%
Month-on-month change (1/2)	0.71%	0.05%	0.76%	0.92%	-0.83%	-5.21%	
Year-on-year change (1/3)	-9.37%	-0.38%	-9.72%	-20.01 %	-8.66%	-25.93%	

Source: USDA Wasde. October 11, 2024

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