

**Required Report:** Required - Public Distribution

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**Report Name:** Oilseeds and Products Update

**Country:** Argentina

**Post:** Buenos Aires

**Report Category:** Oilseeds and Products

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**Approved By:** Benjamin Boroughs

**Report Highlights:**

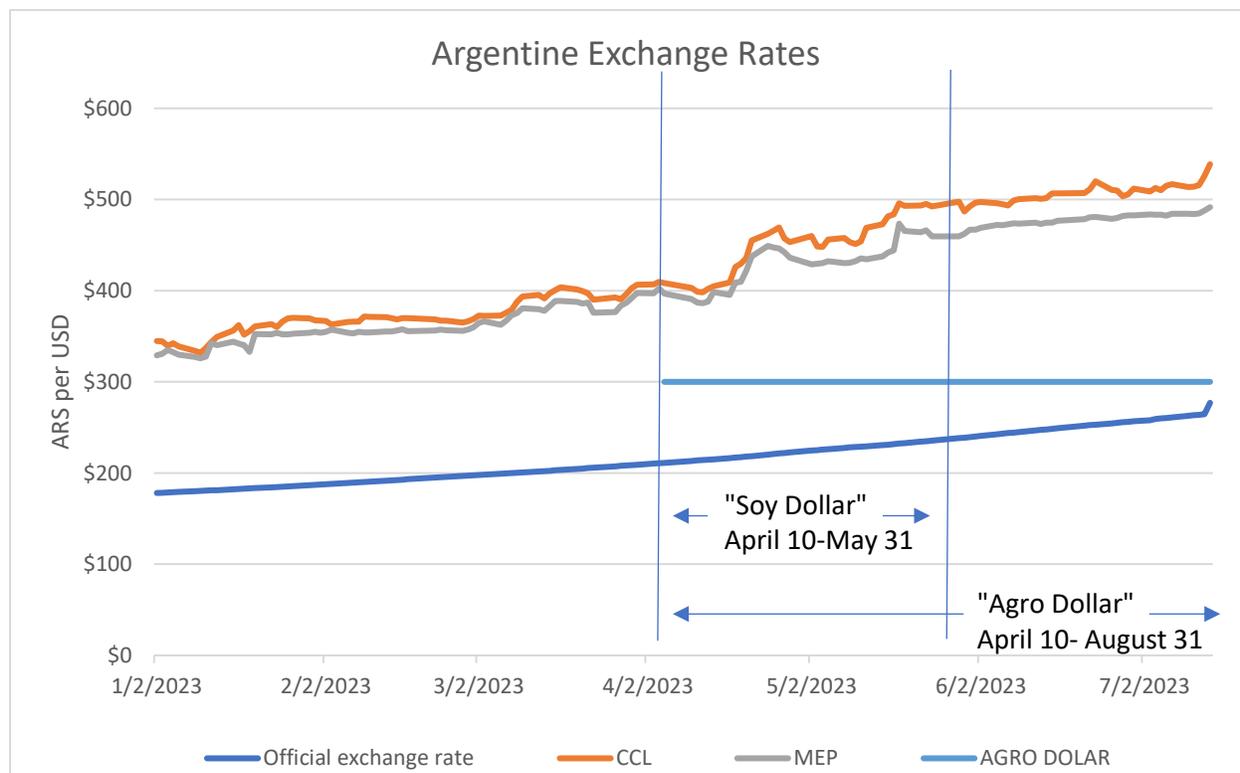
Post estimates MY 2022/2023 soybean production at 21.25 million metric tons (MMT), 3.75 MMT below the official USDA estimate on lower than expected yields. Soybean sales have been driven primarily by government programs offering exchange rate incentives and farmers are holding remaining soybean in anticipation of similar future programs. Precipitation levels have improved in recent months across much of the growing region.

In the production, supply, and distribution tables appended to this report, Post has made slight revisions to the numbers in its [Oilseeds and Products Annual Report](#) published in April based on reported harvest totals. In general, Post’s estimates and projections align with USDA’s official numbers as revised in the July 12, 2022 WASDE. The primary point of divergence is that Post estimates total Argentine soybean production for MY 2022/2023 at 21.25 million metric tons (MMT) which is 3.75 MMT below the official USDA estimate. Post’s estimate is based on interviews with local market participants, traders, and farmers who report that final yields were lower than anticipated. Post’s lower production estimate is reflected in lower expectations for crush, domestic consumption, and ending stocks.

### Soy-Dollar Program

The most important policy development since April was the third installment of the “soy-dollar” and “agro-dollar” programs. Officially known as the Export Growth Program, it was established by [Decree 194/2023](#) and was designed to incentivize the export sales of certain agricultural commodities. Soybean and soybean products were listed in Annex 1 of the decree and benefitted from a special exchange rate from April 10 through May 31, 2023, colloquially known as the “soy-dollar”. Other commodities, including sunflowerseed and subproducts and peanuts and products were listed in Annex 1 of [Resolution 138/2023](#) which was published later and are benefitting from an “agro-dollar” scheduled to last no longer than August 31, 2023.

Figure 1:

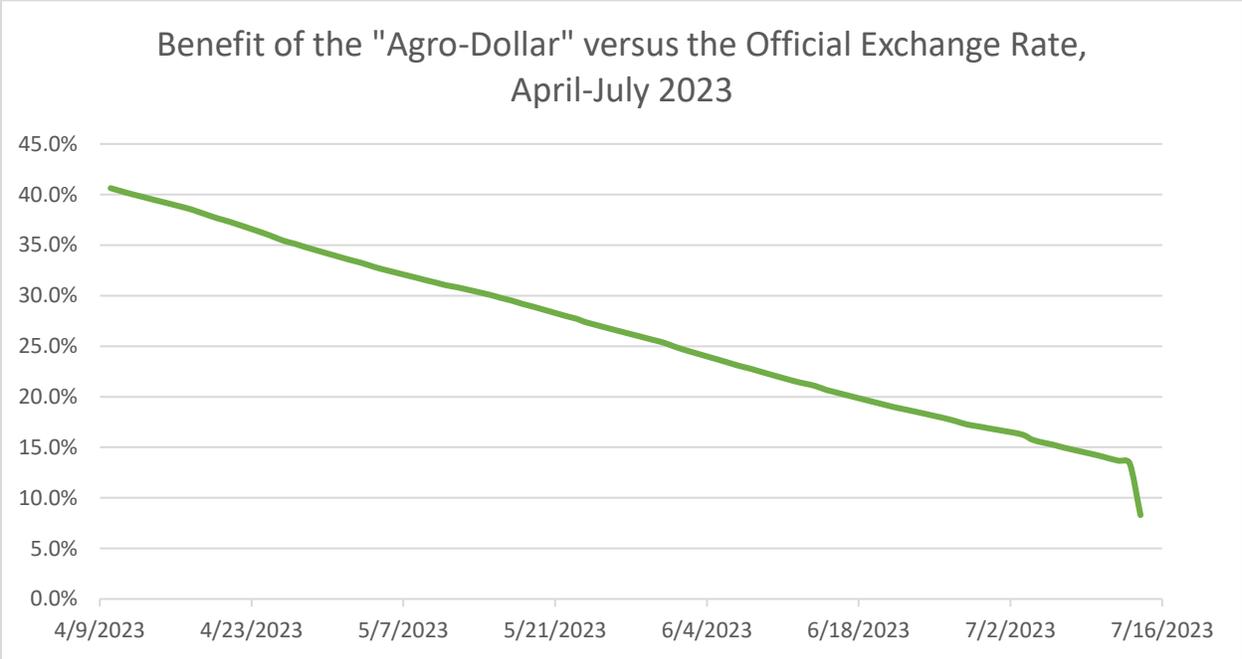


Sources: Official rate - Central Bank of Argentina, CCL & MEP Rava Bursatil S.A., Agro Dolar Government of Argentina.

Due to currency and capital controls in Argentina there is a divergence between the official exchange rate set by the government and various unofficial exchange rates that reflect what market participants and speculators believe the value of the Argentine peso would be absent these controls. The CCL (Contado con liquidacion) and MEP (Mercado Electronico de Pagos) are more formal exchange rate quotations based on specific financial transactions, but generally correlate with the unofficial “blue” rate that is quoted on the streets of Buenos Aires. The spread between the official rate and various unofficial rates has narrowed and widened based upon various factors. As of July 13, 2023, the official exchange rate was at ARS \$263 per USD \$1 and the unofficial “blue” rate was ARS \$507 per USD, implying a perception among currency speculators that the peso is worth roughly half of its official value.

When the “soy dollar” was announced in April of 2023, the official exchange rate was at \$210 while the various unofficial rates were around \$400 pesos per dollar. The fixed exchange rate of \$300 pesos per dollar for ag products then represented a halfway point between the official and unofficial rates. However the official value of the peso has devalued steadily over the last three months, eroding the benefit of the fixed agro-dollar as seen in Figure 2.

Figure 2

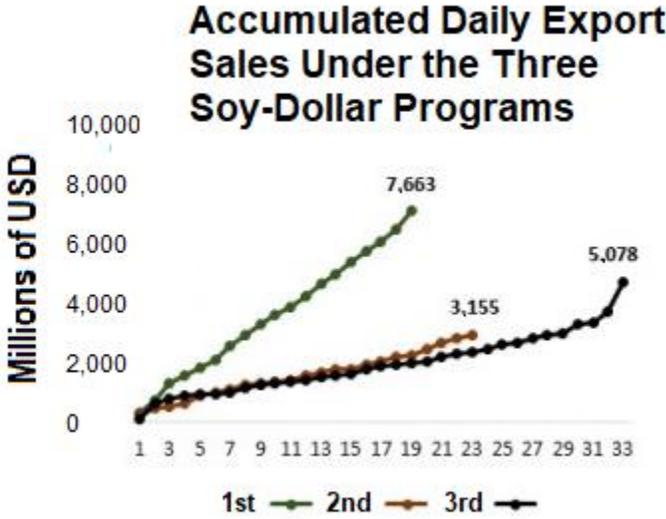


Source: FAS Buenos Aires and the Central Bank of Argentina

As can be seen in Figure 3 on the following page, unlike the first soy dollar program which took place in September 2022, the third program had a much slower rate of uptake, at times lagging the pace set by the second program in December of 2022. However, it lasted 10 days longer and there was a significant surge in sales on the final day. In the end, the program accounted for 8.3 MMT of soybean sold, compared to 5.8 MMT in the December edition and 13.3 MMT in the initial program in September. According to the Buenos Aires’s Grain Exchange, 5 MMT of sunflowerseed have been sold by farmers under the agro-dollar program as of July 6.

Sales since the ending of the soy dollar program have been anemic and producers are holding their remaining soybeans in anticipation of future soy dollar incentive programs. Agricultural exports are the largest source of foreign currency for Argentina. The primary purpose of the various soybean dollar programs has been to replenish the foreign currency reserves of the Central Bank of Argentina to meet the quarterly targets for Net International Reserves as agreed to by the International Monetary Fund (IMF) and the Government of Argentina as a part of Argentina’s standby agreement.

Figure 3:



Source: [Buenos Aires Grain Exchange](#) (Translation by FAS Buenos Aires)

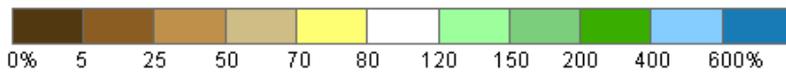
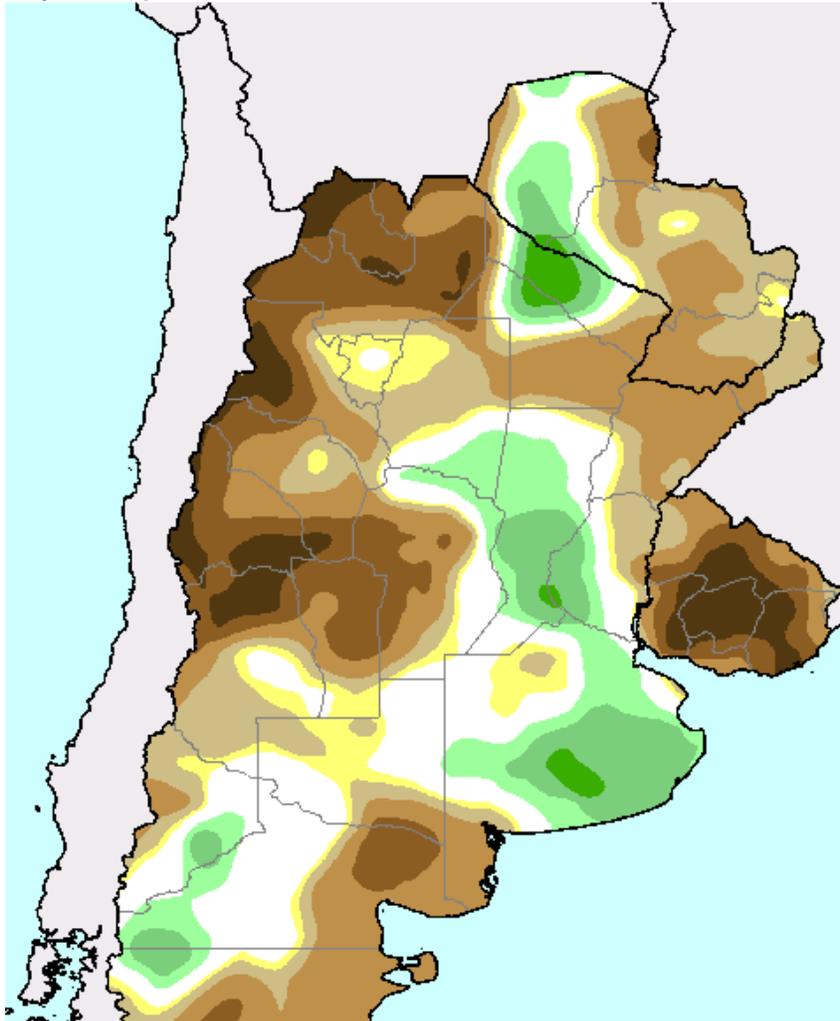
Weather

With harvest complete for soybeans and sunflowerseed and practically complete for peanuts, farmers have been planting small grains and are making plans for summer crops for MY 2023/2024. After several years of drought, Argentine farmers are hoping that an El Niño weather pattern will lead to more rainfall in the coming year. As can be seen in Figure 4 on the following page, rains have improved in much of the productive regions of the country, though the Province of Cordoba has continued to experience drought. Farmers are on track to plant more than 7 million hectares of small grains in line with recent years, which means there will continue to be a significant portion of the soybean crop planted as a double crop following the harvest of small grains in November/December. Prior to the arrival of recent rains, there had been some concern that farmers might plant a substantially smaller small grain crop which would lead them to plant a higher proportion of first-crop soybeans, but this did not come to pass.

Figure 4

Percent of Normal Precipitation 2-Month (CPC)

May. 11 - Jul. 10, 2023



Source: NOAA/CPC  
<http://www.cpc.ncep.noaa.gov/>

Source: NOAA, USDA FAS Crop Explorer

Tables 1-3: Production, Supply, and Distribution of Soybeans, Sunflowerseed, and Peanut

Oilseed, Soybean (Local) Market Year Begins	2021/2022		2022/2023		2023/2024	
	Apr 2022		Apr 2023		Apr 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Argentina						
Area Planted (1000 HA)	16500	16400	17000	16100	16400	16900
Area Harvested (1000 HA)	15900	15800	15000	13500	16400	16900
Beginning Stocks (1000 MT)	8687	8687	8506	7493	5956	3543
Production (1000 MT)	43900	42900	25000	21250	48000	50500
MY Imports (1000 MT)	4571	4571	10500	11000	4700	4000
Total Supply (1000 MT)	57158	56158	44006	39743	58656	58043
MY Exports (1000 MT)	5552	5552	1300	1100	5100	5500
Crush (1000 MT)	35900	35913	30500	29500	38000	41000
Food Use Dom. Cons. (1000 MT)	0	0	0	0	0	0
Feed Waste Dom. Cons. (1000 MT)	7200	7200	6250	5600	6700	6300
Total Dom. Cons. (1000 MT)	43100	43113	36750	35100	44700	47300
Ending Stocks (1000 MT)	8506	7493	5956	3543	8856	5243
Total Distribution (1000 MT)	57158	56158	44006	39743	58656	58043
Yield (MT/HA)	2.761	2.7152	1.6667	1.5741	2.9268	2.9882
(1000 HA) ,(1000 MT) ,(MT/HA)						

Oilseed, Sunflowerseed Market Year Begins	2021/2022		2022/2023		2023/2024	
	Mar 2022		Mar 2023		Mar 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Argentina						
Area Planted (1000 HA)	1960	1960	2200	2150	1950	1950
Area Harvested (1000 HA)	1960	1960	2200	2000	1950	1950
Beginning Stocks (1000 MT)	671	671	715	699	1116	744
Production (1000 MT)	4050	3900	4900	4050	4000	3700
MY Imports (1000 MT)	0	0	1	0	0	0
Total Supply (1000 MT)	4721	4571	5616	4749	5116	4444
MY Exports (1000 MT)	156	161	100	100	150	160
Crush (1000 MT)	3550	3411	3850	3600	3600	3500
Food Use Dom. Cons. (1000 MT)	0	0	0	0	0	0
Feed Waste Dom. Cons. (1000 MT)	300	300	550	305	325	305
Total Dom. Cons. (1000 MT)	3850	3711	4400	3905	3925	3805
Ending Stocks (1000 MT)	715	699	1116	744	1041	479
Total Distribution (1000 MT)	4721	4571	5616	4749	5116	4444
Yield (MT/HA)	2.0663	1.9898	2.2273	2.025	2.0513	1.8974
(1000 HA) ,(1000 MT) ,(MT/HA)						

Oilseed, Peanut Market Year Begins	2021/2022		2022/2023		2023/2024	
	Mar 2022		Mar 2023		Mar 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
<b>Argentina</b>						
<b>Area Planted</b> (1000 HA)	410	410	400	360	380	380
<b>Area Harvested</b> (1000 HA)	407	407	360	355	380	380
<b>Beginning Stocks</b> (1000 MT)	386	386	382	356	302	246
<b>Production</b> (1000 MT)	1340	1340	925	980	1320	1320
<b>Total Supply</b> (1000 MT)	1726	1726	1307	1336	1622	1566
<b>MY Exports</b> (1000 MT)	936	936	700	675	950	850
<b>Crush</b> (1000 MT)	280	259	200	240	250	275
<b>Food Use Dom. Cons.</b> (1000 MT)	78	90	70	90	75	90
<b>Feed Waste Dom. Cons.</b> (1000 MT)	50	85	35	85	45	85
<b>Total Dom. Cons.</b> (1000 MT)	408	434	305	415	370	450
<b>Ending Stocks</b> (1000 MT)	382	356	302	246	302	266
<b>Total Distribution</b> (1000 MT)	1726	1726	1307	1336	1622	1566
<b>Yield</b> (MT/HA)	3.2924	3.2924	2.5694	2.7606	3.4737	3.4737
(1000 HA) ,(1000 MT) ,(MT/HA)						

**Attachments:**

No Attachments