Agribusiness product shipments dropped during the first six months of the year

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The drop is mainly due to a lower shipped tonnage of grains, caused by the lower production during the current crop season. Oil shipments, however, show a strong increase. Asia remains the main destination for the shipments.

During the first semester of the year, Argentina shipped a total of 48.4 Mt of grains, by-products and oils, 6.2% lower than the same period in 2020. This drop is mainly explained by the lower shipment of grains: between January and June, 27.9 Mt were shipped, 19% less than the volume reached during the first six months of the previous year. By-products and vegetable oils show a different situation, as they registered an increase during the first six months of 2021 in regards to the same period of 2020.



By-product shipments from Argentinian ports between January and June of 2021 experienced an increase of 15,4% regarding the same period of 2020. But the main highlight is what happend with vegetable oils. The international demand of these by-products has kept considerably high since the end of last year, and in the period under analysis 4 Mt have been shipped from Argentinian port terminals, exceeding by 37.1% the record of 2020 (3 Mt).

If we further analyse each of the categories of Argentinian grains, it can be noticed that the fall of grain shipments is mainly due to the decrease in shipments of the three major grains exported by our country: wheat, corn and soybean.



In the first place, wheat shipments from Argentinian port terminals during the first six months of the year totalized 6.2 Mt, a 24% drop from 2020, and a 16% drop with regards to the average of the last three years. This can be explained by the lower cereal production obtained during the last crop, a consequence of the severe draught that affected the national production, particularly in the centre and North region, thus reducing the exportable balances.

On the second place, corn shipments this year to date reach 16.7 Mt, indicating a 15% drop with regards to the same period last year, although with a 5% increase with regards to the average of the last three years. Although corn production during the current crop was almost identical to the one obtained last year, this fall in the shipments is due to another phenomenon. The draught previously mentioned that affected wheat national production also caused a considerable delay in corn planting, which in turn caused a lower planted area of early corn and a higher planted area of late corn. This led up to a lower availability of grain during the first six months of the crop season that started in March and, therefore, to a lower tonnage of shipped cereal. However, due to the late corn area increase, a considerable volume of commodity can

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be expected to enter between July and August, and therefore the shipped tonnage could show an upturn and close the gap during the next few months.

On the third place, soybean shipments reach 1.7 Mt in the first semester of the year, registering a 60% drop from 2020 and 38% drop from the average of the last three years. Just as the case of wheat, the lower soybean production obtained during the new crop season due to February's drought reduced the exportable balance of the oilseed. Another factor needs to be added, though: the strong international demand of soybean by-products, particularly oil, has caused a sharp increase in prices and improved the industry's margins. In this way, it is forecast that a higher tonnage of the oilseed is processed locally so that its by-products can later be exported, instead of directly shipping the unindustrialised grains.

A special mention hast to be made to what happened to barley and sorghum shipments. These grains have presented a remarkable increase in shipments during the first six months of the year: barley grew 18% with regards to 2020, while sorghum over doubled the shipments made during the first semester last year. In both cases, this is due to the strong Chinese demand for both crops, particularly to be used as forage.

Last, an interesting analysis emerges by observing shipments by port. As can be appreciated, the ports located by the Paraná River, particularly the ones in Rosario city cluster of ports, are the ones whose shipments have been more reduced. Rosario and San Lorenzo ports show a drop of 31 and 24%, respectively, and shipments from Villa Constitución increased by 4%, although it should be noted that, in absolute terms, the tonnage is irrelevant. Meanwhile, the ports in the South of Buenos Aires province only show a 2% drop. This can be explained, on the one hand, by the severe low water level that affects the Paraná River, the worst in over 50 years and, on the other hand, by the fact that the wheat and barley production in the area of influence of Buenos Aires sea ports has not been affected, unlike what we mentioned in the North and centre area of the country, so that the shipments of these grains from Bahía Blanca and Necochea did not suffer a reduction that was suffered indeed by the rest of the port terminals.



Moving into oil shipments, in the chart above it can be noted that, with the exception of safflower oil, all vegetable oils have had a considerable increase in shipments during the first six months of 2021, which is in line with the already discussed global appetite for oils in general. In relative terms, cotton oil is the one with the highest increase, increasing more than fourfold the tonnage shipped during the previous year. However, in absolute terms, soybean oil takes all the credit: between January and June, 3.7 Mt were shipped, 874 thousand tons over the first six months of 2020. Besides, all the ports of the country increased their oil shipments this year to date, both in the year-on-year comparison as in relation with the average of the last three years.

Finally, another interesting aspect to analyse are the destinations of grain, by-products and oil shipments from Argentinian port terminals, and how they evolved during the first six months of the year.

By performing a preliminary analysis, it can be noticed that 49% of the shipments are destined to Asia. Then, in decreasing order of importance, are America (19%), Africa (18%), Europe (13%), and last, Oceania (1%).



By disaggregating information per country, Vietnam emerges as the main destination of all the shipments made: between January and June, 5.1 Mt grains, by-products and oils were shipped to that country, below the volume shipped during the first six months of the 2020 (6.8 Mt). Another remarkable piece of data is that the difference with China, the second major destination, is considerable, since 3.5 Mt were shipped to the Asian giant. Besides, the shipments to that Asian country

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were slightly reduced from the 3.8 Mt reached during the first six months of 2020. The third place in the podium is for Brazil, with 3.4 Mt, also below the figure from last year (3.6 Mt).



Last, if we analyse each of the categories, it can be observed that the main part of the grain shipments in 2021 to date had China as destination (3.2 Mt), equivalent to 12% of all grains shipped, while Vietnam was the main destination of by-products shipped on Argentinian ports (1.9 Mt, that is, 11% of the total). As for oils, India establishes itself as the main client for Argentina, and this year to date 1.7 Mt have been shipped, 41% of the total vegetable oils shipped from Argentinian port terminals.

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