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Argentina

Cotton and Products

Argentine Cotton Production in MY2004/05 Up 2004

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Report Highlights:

Argentine cotton production for marketing year 2004/05 is forecast to increase to 160,000 metric tons. This is a result of expected larger planted area because of weaker soybean prices, and dry weather. Several thousand hectares of sunflower were left unsown and will shift to soybeans and cotton.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Unscheduled Report
Buenos Aires [AR1]
[AR]

Argentine cotton harvested area for MY 2004/05 is forecast at 400,000 hectares. This number is higher than post's previous May forecast. The two main factors for this increase are the sharp decrease in soybean prices and a dry winter. Another factor, but of less importance, is the support which small farmers received from many municipalities in the provinces of Chaco and Santiago del Estero.

Soybeans competed strongly with cotton in the cotton-producing region last year, as returns were very good and production costs significantly lower than cotton. However, the sharp drop in soybean prices in these past several months has taken away some of the attractiveness of this crop, and many medium and large producers are expected to increase their planted area to cotton. Due to this past very dry winter, several hundred thousand hectares, which were going to be planted to sunflower, were left unsown in Chaco and Santiago del Estero provinces. Most of this area is expected to go to soybean production, but several thousand hectares will shift to cotton.

Some sources expect planted area to be even greater, but dry weather continues to deter this expansion; there are many producers that are behind in their plantings. Most contacts predict cotton prices will be weak by March 2005, but still, efficient producers will make a profit. The smaller producers will also get a good return on investment, as their production costs are usually lower, and many receive some official support in the provision of seed and diesel oil.

Cotton output for MY2004/05 is now forecast at 160,000 tons as result of larger plantings. Total cotton production for MY2003/04 is estimated at 120,000 tons of lint, which is higher than previous official estimates. This is because of dry weather during harvest, and good returns, which encouraged producers to harvest every single boll.

Domestic consumption for MY2004/05 is forecast higher at 130,000 tons as demand is expected to remain strong, especially with high world oil prices which make synthetic alternatives more expensive. Some local companies are complaining of the increase in imports of textiles (especially sheets and towels) from Brazil. The Argentine government is closely monitoring this issue.

Country Commodity	Argentina Cotton					
	(HECTARES)(MT)					
	2002	Revised	2003	Estimate	2004	Forecast
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Market Year Begin	08/2002			08/2003		08/2004
Area Planted	0	158000	0	264000	0	425000
Area Harvested	148000	148000	250000	250000	300000	400000
Beginning Stocks	86873	13849	83389	16849	112565	55649
Production	63141	65000	112129	120000	119750	160000
Imports	55303	55000	44852	45000	27216	20000
MY Imp. from U.S.	0	0	0	0	0	0
TOTAL SUPPLY	205317	133849	240370	181849	259531	235649
Exports	5661	7000	6096	6200	16329	20000
USE Dom. Consumption	114306	108000	119750	118000	119750	128000
Loss Dom. Consumption	1960	2000	1960	2000	1960	2000
TOTAL Dom. Consumptic	116266	110000	121710	120000	121710	130000
Ending Stocks	83389	16849	112565	55649	121491	85649
TOTAL DISTRIBUTION	205316	133849	240371	181849	259530	235649