Weather & Economy/Currency. They are inter-connected.

The Economic Cycle of Agribusiness in Argentina
Drought: Weather & Economy/Currency. They are inter-connected.

Weather

- Less Agricultural Output (expected 36 MM Ton compared to 52 MM Ton of 2021/22.
- Soya: 25 MM Tons, i.e., a decrease of 44% considering the average of the last 5 agricultural campaigns. Worst campaign in 15 years.
- Maize: Expectations of Decrease to lowest output in 21 years.
- If any, farmers use cheapest available technology which leads to less Sales of Agrochemicals, Fertilizers, Seeds, tractors, etc.
Available Water in Topsoil

(Source: National Meteorological Service, School of Agriculture of the University of Buenos Aires, National Institute of Agronomical Technology.)
Production Forecast
Wheat, Barley, Corn, Sorgam, Soya, Sunflower
(March 2023 - Bolsa de Cereales de Rosario)
Production Forecast  
(March 2023 - Bolsa de Cereales de Rosario)

Soya
>
Production decreased 18.3 MM Tons to 25 MM Tons.

Corn
>
Production decreased 16 MM Tons to 36 MM Tons.

Overall
The Agricultural sector represents 65% of the currency that enters Argentina. The new output means a loss of 48% of the exports, equivalent to US$ 20.811 MM
Droughts: Weather & Economic/Currency
They are inter-connected.

Economic/Currency

- The output decrease creates pressure in the Central Bank since they don’t collect export tax (30-35% depending on the crop) for US$ 20.000MM and the reserves decrease. US$ 20.000MM are equivalent to 7 yearly markets of Agrochemicals.
- Due to this, the economic freedom & the possibility of getting import licenses decrease accordingly.
- The Central Bank imposes longer payment terms for payment of imports.
- In a Micro Level, the tension due to lower sales and not reaching forecasts lead to decreasing prices to move product; it is very difficult to increase the prices later.
- On a Macro Level the “multiplicator effect” is minimized. Nearly 1,6M truck loads were lost. Since the farmers don’t make money they can’t buy a new car, invest in new machinery, in improving their homes, travel, etc.
Drought: Senasa & New Registers

- Significant areas of Senasa never recovered from lock down.
- Registrations, specially of TCs are taking longer than ever.
- The bottle neck is Confidential Info of TCs.
Agrochemical Companies in LATAM
Andean Region - Mergers & Acquisitions
Agri-Inputs distributors
Brazil - Mergers and Acquisition of Agri-Inputs distributors