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ARGENTINA'S 2021 POPCORN CROP

AN INTERVIEW WITH JOSE EMILIO MARANESSI OF FARM PRODUCTS, OFFICIAL SALES AGENT FOR ALICAMPO



Today we are interviewing José Emilio Maranessi of Farm Products, who began working with specialty crops in 2006. Farm Products is the official sales agent of the well-known company Alicampo.

For 15 years now, he has been managing sales for the company known worldwide as one of Argentina's leading providers of, mainly, popcorn and confection sunflower, although it also exports beans, chickpeas, peas and other seeds.

Alicampo and Farm Products are affiliated companies. Farm Products

handles the commercial side of the business; it is presently one of the sector's largest players, exporting around 45,000 tons of product annually, primarily popcorn, confection sunflower, several varieties of beans and kabuli type chickpeas.

All of the products it exports are either produced by the company itself or strictly supervised by its team of agronomists, who periodically visit the fields and farms where the grains are grown.

The company's two processing plants are located in Colon, in northern Buenos Aires Province, and have a combined storage capacity of 20,000 tons and a processing capacity of approximately 45,000 tons per year.

Juan Carreras: What can you tell us about Argentina's popcorn crop in terms of the seeded area, yields and production?

José Emilio Maranessi: It is difficult to come up with precise numbers because everything is based on estimates. What we saw this year is that because commodity prices were firm and trending upward, there was less grower interest in specialty crops. Typically, 45,000 – 60,000 ha. are sown to popcorn, but this year we believe popcorn was seeded in fewer than 50,000 ha.



José Emilio Maranessi of Farm Products



There was a lack of rain at the start of the campaign. Fortunately, we saw rains from January/February and many lots recovered. Thanks to these rains, there was better grain filling and the-



before we don't expect a priori granulometry problems.

With respect to yields, the average in Argentina is approximately 4000 kg per hectare. This year, it is expected that yields will be slightly below that number.

JC: What tonnage do you expect this campaign and what is the average volume?

JM: Average production is between 220,000 and 240,000 tones, of which about 95% is exported, and this year we expect less than 200,000 tons. Last year, home consumption increased and this, we believe, is because of a phenomenon we dubbed the Netflix Effect. It may sound funny, but it's real – home consumption increased greatly with the onset of the COVID-19 pandemic.

We see this as a factor to keep in mind because if this tendency continues to grow, Argentina's domestic market could consume 10% of production – some 20,000 to 25,000 tons – and that would make it an interesting market. Our focus has been and is on exports, but if internal demand continues to grow, we will be paying it more attention.

JC: What do you expect of this year's popcorn crop in terms of granulometry, expansion and grain quality?

JM: In terms of grain size, the campaign started out poorly because of the lack of water. Then it improved with the rains that came after planting. This year, we expect sizes of between 65 and 70 grains per 10 grams. These are estimates. We'll have the



precise numbers at harvest, but the rains in January and February helped fill out the grain. We shouldn't have granulometry issues this campaign.

JC: How do you see the current situation and dynamics of the popcorn market in Argentina and the world?

JM: We observed an increase in popcorn demand in Argentina and the world, and to our understanding there are two main reasons for it. First, the Netflix Effect that we spoke of earlier, being the increased consumption at home, more than offset the lost demand from the cinemas.

Because of this, we are going into the new crop year with practically no carryover and, obviously, this has a significant impact on prices. Last year, the average price of popcorn was firm, above average. In recent years, it increased 15-20%. We expect the market to remain firm given that Argentina's new crop is smaller than normal, carryover is nil and we are seeing firm demand both in the domestic market and in international markets. Argentina is the only country that exports practically all of its production.

Between 90-95% is exported. We are seeing stable demand from our main trading partners: Colombia, Egypt, Turkey, Peru and Ecuador. The next significant crop to enter the market is from the U.S., and that isn't harvested until October.

Consequently, we don't see any reason why the current market tendency should change in the short- and medium-term.

JC: If a client asked for your opinion about the volume, quality, price and shipment of Argentina's 2021 popcorn crop, what would you say?

JM: In terms of volume, it will be less than expected. In terms of quality, we expect a good product. Prices will remain firm. We will begin shipping new crop in March and April and hope to be able to meet the needs of our clients in the best way possible, as we normally do.

JC: José, thank you for the time you have given us and for the information. It has been a pleasure speaking with you and we are here for whatever you need.