



NEWSLETTER

Wheat

Argentina. Wheat supply and demand.

With an extensive harvest advance of 90% by the end of December, an exportable balance of 13 million tons is estimated.

In the following table we can see two hypotheses of Argentine wheat supply for the 2019/20 crop. One of them estimating a production of 19.5 million tons and the second, a production of 18.5 million tons. Likewise, the export sector has already made purchases of 12.7 million tons, thus validating the minimum hypothesis.

| ARGENTINA: OFERTA Y DEMANDA DE TRIGO | | | | | |
|---|----------|-------------|---------|---------|---------|
| | | 2019/20 (*) | | 2018/19 | 2017/18 |
| | | Hip Max | Hip Min | | |
| - Stock Inicial | Mill/ton | 1,5 | 1,5 | 0,9 | 1 |
| Area Sembrada | Mill/has | 6,5 | 6,5 | 6,1 | 5,5 |
| Rendimientos | Kg/ha | 2,85 | 2,704 | 3,021 | 3,192 |
| - Produccion | Mill/ton | 19,5 | 18,5 | 19 | 18,1 |
| - Total Oferta | Mill/ton | 21 | 20 | 19,9 | 19,1 |
| - Consumo Interno (1) | Mill/ton | 6,3 | 6,3 | 6,2 | 5,7 |
| - Compras 11/12/19 (2) | Mill/ton | 0,9 | 0,9 | 0,9 | 1,1 |
| -Semilla | Mill/ton | 0,5 | 0,5 | 0,5 | 0,5 |
| - Exportacion | Mill/ton | 13,7 | 12,7 | 11,7 | 12 |
| - DJVE 11/12 | Mill/ton | 7,4 | 7,4 | 6,3 | 3,1 |
| - Compras 11/12/19 (2) | Mill/ton | 12,7 | 12,7 | 8,2 | 6,2 |
| - % S/Exportacion | % | 93% | 100% | 70% | 52% |
| - A precio | Mill/ton | 10,5 | 10,5 | 8 | 6 |
| - % S/Total Compras | % | 83% | 83% | 98% | 97% |
| - Total Demanda | Mill/ton | 20,5 | 19,5 | 18,4 | 18,2 |
| -Stock Final | Mill/ton | 0,5 | 0,5 | 1,5 | 0,9 |

(1) Ajustado por Fiscalizacion Molinos (2) Compras a igual fecha de cada año
Fuente : Agritrend SA (*) Proyectado

Argentina Competition prices of wheat to Brazil

Below is an accuracy on the competitiveness of the price of Argentine wheat for the Brazilian market. Note that both for the level of the FOB price and the value of the freight, the difference with the next competitor (Hard Red Winter of the USA) is approximately 32 US \$ / ton

ARGENTINA: PRECIOS DE COMPETENCIA DEL TRIGO A BRASIL

| a BRAZIL | FOB Origen | + Flete | + Impo Tax Port | Cif Brasil | | | |
|---------------|---------------|---------|--------------------|------------|---------|-------|---------|
| | | | | C/AEC | Dif C/A | S/AEC | Dif S/A |
| Argentina | 202 | 17 | | 219 | | 219 | |
| USA SRW | 224 | 24 | 6 | 276,4 | -57,4 | 254 | -35 |
| USA HRW | 221 | 24 | 6 | 273,1 | -54,1 | 251 | -32 |
| Francia | 213 | 32 | 8 | 274,3 | -55,3 | 253 | -34 |
| Alemania | 216 | 32 | 8 | 277,6 | -58,6 | 256 | -37 |
| Rusia | 216 | 36 | 9 | 282,6 | -63,6 | 261 | -42 |
| Australia ASW | 261 | 42 | 10,5 | 339,6 | -120,6 | 313,5 | -94,5 |
| Australia APW | 266 | 42 | 10,5 | 345,1 | -126,1 | 318,5 | -99,5 |
| Canada | 275 | 29 | 7,3 | 338,8 | -119,8 | 311,3 | -92,3 |

| | | | | | |
|---------------|-------|--|---------|-----------|-----|
| FOB Argentina | 202 | | Rosario | Spot | 173 |
| Fobbing | 11 | | Futuros | Diciembre | 173 |
| Export Tax | 30,3 | | | ene-20 | 175 |
| FAS Price | 160,7 | | | mar-20 | 179 |
| Market Price | 173 | to: 15/12/2019 | | | |
| Margen | -12,3 | Source: Mercado / Agritrend en dol/ton | | | |

Fuente: Agritrend SA / Info.de Mercado pos. Nov/Dic en dol/ton - C/S AEC Considerando o no el Arancel
 FOB Argentina: Base 11,5% proteina embarque dic/enero - FAS base derechos exportacion 15%
 Los margenes son fuertemente negativos, ya que el mercado no desconta aun el aumento de las retenciones

Argentina Exports by destination 2019

In the following table, the shipments of the year 2019 (January-November) are presented. The predominance of Brazil (47.7%) followed by Indonesia (17.4%) can be observed. Southeast Asia, North Africa and South America are presented as the main ones.

TRIGO: EXPORTACIONES POR DESTINO (mill tn)

| Países | 2019 (*) | 2018 | 2017 | 2016 | 2015 | 2014 |
|----------------------|-----------------|--------------|--------------|--------------|-------------|-------------|
| BRASIL | 5,09 | 5,91 | 5,23 | 4,17 | 3,63 | 1,77 |
| INDONESIA | 1,86 | 1,01 | 0,19 | 1,36 | | |
| KENIA | 0,41 | 0,26 | 0,42 | 0,09 | 0,03 | |
| CHILE | 0,38 | 0,59 | 0,86 | 0,25 | 0,17 | |
| VIETNAM | 0,23 | 0,18 | 0,69 | 0,78 | | |
| TAILANDIA | 0,24 | 0,38 | 0,6 | 0,88 | | |
| ARGELIA | 0,12 | 1,25 | 1,81 | 0,15 | | |
| PERU | 0,21 | 0,34 | 0,24 | 0,01 | 0,01 | |
| MARRUECOS | 0,1 | 0,16 | 0,18 | 0,14 | | |
| EGIPTO | 0,1 | 0,1 | 0,13 | 0,19 | | |
| BANGLADESH | 0,1 | 0,25 | 0,7 | 0,32 | 0,09 | |
| ECUADOR | 0,05 | 0,14 | 0,26 | 0,14 | 0,01 | 0,01 |
| COREA DEL SUR | | | | 0,49 | | |
| FILIPINAS | | | | 0,33 | | |
| OTROS | 1,8 | 1,51 | 1,79 | 0,83 | 0,31 | 0,07 |
| TOTAL | 10,68 | 12,07 | 13,09 | 10,14 | 4,24 | 1,85 |

Fuente: Min.de Agro./INDEC/Line Up/Agritrend - (*) hasta 12/19 incluido/ Año calendario



Argentina Crop quality 2019/20

The harvest is approximately 90% advanced, with some minor rains having occurred last week. The southern ports such as Necochea and Bahía Blanca have already started receiving wheat.

As a consequence of heterogeneous rainfall in various areas of wheat production, such as the case of the Province of Córdoba that suffered some drought problems, quality is also presenting diversity in some intrinsic parameters. However, the items that make up the physical aspects of the grain, such as: Damaged Kernels, Foreign Matter, Broken Kernels, Tilletia and Hectolitic Weight, have values as good to very good, should not show any particular item. The Hectolitic Weight has an average somewhat higher than 80 kg / hl., both in domestic samples and export trade.

Approximately a total of 50,000 samples of primary operations and terminal ports have been statistically available.

The “up river” terminals located on the Paraná River present data such as:

Average protein 11.8% (sss)

The central and southern zone of the Province of Buenos Aires, supplier of the oceanic terminals, has somewhat higher levels:

Average protein 12.3% (sss)

Likewise, CIS has supervised and certified several shipments, the results of which were:

Proteins (sss): Average 12.7 Max 13.3 Min 12.5

Wet Gluten: Average 260 Max 266 Min. 258

Falling Number: Average 369 Max 398 Min 326

Average hectolitic weight: 80.1 kg/hl

The results of contaminant determinations (mycotoxins-radioactivity-heavy metals, etc.) and pesticide residues, have been at internationally accepted levels and have satisfactorily met the requirements requested by buyers.



Corn

Argentina Supply and Demand 2020

Corn is already planted in 70% of the area, subtracting even more sowings of late corn. These plantings end in January.

In the table below, two hypotheses are shown according to the expected performance. Estimating the export for 2020 at approximately 31 million tons.

| ARGENTINA: OFERTA Y DEMANDA DE MAIZ | | | | | |
|--|----------|-------------|---------|---------|---------|
| | | 2019/20 (*) | | 2018/19 | 2017/18 |
| | | Hip Max | Hip Min | | |
| - Stock Iniciales | Mill/ton | 0,5 | 0,5 | 2,5 | 3 |
| Area Sembrada | Mill/has | 6,2 | 6,2 | 6 | 5,4 |
| Rendimientos | Kg/ha | 7,665 | 7,432 | 8,32 | 6,044 |
| - Producción | Mill/ton | 49,5 | 48 | 52 | 34 |
| - Oferta Total | Mill/ton | 50 | 48,5 | 54,5 | 37 |
| - Consumo Interno | Mill/ton | 18 | 17,5 | 17 | 17 |
| - Exportación | Mill/ton | 31,5 | 30,5 | 37 | 17,5 |
| - DJVE 11/12/19 | Mill/ton | 18,1 | 18,1 | 4,3 | 0,3 |
| - Compras 11/12/19 (1) | Mill/ton | 17,4 | 17,4 | 5,1 | 4,7 |
| - % S/Exportacion | % | 55% | 57% | 14% | 27% |
| - A precio | Mill/ton | 12,5 | 12,5 | 3,2 | 3,1 |
| - % S/Total Compras | % | 72% | 72% | 63% | 66% |
| - Total Demanda | Mill/ton | 49,5 | 48 | 54 | 34,5 |
| - Stocks Finales | Mill/ton | 0,5 | 0,5 | 0,5 | 2,5 |

(1) Compras a igual fecha de cada año
Fuente : Agritrend SA (*) Proyectado

Corn Exports by destination 2019

Southeast Asian countries, Asia Minor, North Africa and South America make up the total destinations for fodder corn as shown in the table below:

| MAIZ: EXPORTACIONES POR DESTINO (mill tn) | | | |
|--|-----------------|--------------|--------------|
| | 2019 (*) | 2018 | 2017 |
| Vietnam | 6,95 | 4,5 | 4,3 |
| Argelia | 3,65 | 3,47 | 3,2 |
| Corea del Sur | 3,18 | 0,1 | 1,8 |
| Egipto | 2,63 | 2,6 | 2,9 |
| Peru | 2,78 | 0,18 | 0,14 |
| Malasia | 2,17 | 2,28 | 1,97 |
| Arabia Saudita | 1,94 | 1,58 | 1,44 |
| Chile | 1,98 | 1,77 | 1,3 |
| Marruecos | 1,5 | 0,83 | 1,23 |
| Colombia | 1,2 | 0,05 | 0,01 |
| Indonesia | 0,72 | 0,32 | 0,19 |
| Yemen | 0,6 | 0,53 | 0,59 |
| Cuba | 0,32 | 0,4 | 0,53 |
| Jordania | 0,22 | 0,4 | 0,55 |
| Otros | 4,85 | 3,94 | 3,37 |
| Total | 34,7 | 22,94 | 23,52 |

Fuente: Min.de Agro./INDEC/Agritrend/Line Up- () hasta 12/19 incluido/*

Soy

New Crop 2020 perspectives

Soybeans in Argentina are sown from September to January, covering a large growing area from the north of the territory to the south of the pampas. The following table presents two hypotheses according to the yields that can be estimated, and they can vary significantly regarding to the evolution of the climate.

It is noteworthy, that 3.5 million tons of imports are estimated, whose origin is very likely to be Paraguay, Brazil and the USA. This import has its explanation in the idle grinding capacity of the oil industry and secondly, the need to improve the level of protein of export soybeanmeal.

| ARGENTINA: OFERTA Y DEMANDA DE SOJA | | | | | |
|--|----------|--------------------|----------------|----------------|----------------|
| | | 2019/20 (*) | | 2018/19 | 2017/18 |
| | | Hip Max | Hip Min | | |
| - Stock Inicial | Mill/ton | 7,1 | 7,1 | 3,6 | 4 |
| Area Sembrada | Mill/has | 17,8 | 17,8 | 17,6 | 17,5 |
| Rendimientos | Kg/ha | 2,935 | 2,829 | 3,086 | 2,018 |
| - Produccion | Mill/ton | 55 | 53 | 56 | 36,4 |
| - Importacion | Mill/ton | 3,5 | 3,5 | 3,5 | 6,5 |
| - Total Oferta | Mill/ton | 65,6 | 63,6 | 63,1 | 46,9 |
| - Molienda | Mill/ton | 47 | 46 | 43 | 36,1 |
| - Compras 11/12/19 | Mill/ton | 7,7 | 7,7 | 2,8 | 3,6 |
| - % S/Molienda | % | 12% | 12% | 4% | 8% |
| - A precio | Mill/ton | 4,5 | 4,5 | 0,8 | 1,7 |
| - % S/Total Compras | % | 58% | 58% | 27% | 47% |
| -Semilla/Otros Usos | Mill/ton | 3,5 | 3,5 | 3 | 3 |
| - Exportacion | Mill/ton | 11 | 10 | 10 | 4,2 |
| - DJVE | Mill/ton | 5,5 | 5,5 | 0,6 | 0 |
| - Compras 11/12/19 | Mill/ton | 4,6 | 4,6 | 0,6 | 3 |
| - % S/Exportacion | % | 42% | 46% | 6% | 71% |
| - A precio | Mill/ton | 3,7 | 3,7 | 0,4 | 1,7 |
| - % S/Total Compras | % | 80% | 80% | 67% | 57% |
| - Total Demanda | Mill/ton | 61,5 | 59,5 | 56 | 43,3 |
| -Stock Final | Mill/ton | 4,1 | 4,1 | 7,1 | 3,6 |

(1) Año Comercial Abr/Dic. según info Ofic. y Line Up
Fuente : Agritrend SA (*) Proyectado



MISCELLANEOUS

Corn: A Banner Year for Brazil (extracted from USDA Report).

Brazil's corn exports have been massive this year. Cumulative exports from March to November totaled 33.3 million tons, more than doubling the amount for the average of 3 previous years. Export destinations have not been limited to traditional markets of Iran, Vietnam, and Egypt, but also expanded to Japan, the EU, and South Korea.

While robust foreign demand, abundant supplies, and competitive prices have boosted exports, the depreciation of the real has further stimulated sales to the global market. Since April 2018, the value of the real has dropped about 20 percent against the dollar.

Strong exports have drawn down stocks. Currently, ending stocks for the marketing year 2019-20 are expected at 5.0 million tons, the smallest since 2011/12. This would give little buffer to meet domestic needs in case of adverse events and constrain later sales. Moreover, prices have moved up reflecting the market situation. In Mato Grosso, the top-producing state, corn prices are about 50 percent higher at the end of November than a year ago. These strong prices are expected to boost area for the second-crop (safrinha) corn. The second-crop corn planting starts in January in the Center-West.

Global import demand remains solid, while uncertainty continues for a few exporting countries. Unfavorable weather conditions in the United States disrupted planting and now harvest, though prices are becoming competitive.