



NEWSLETTER

Wheat

A production of approximately 19 million tons is expected for the next Argentine harvest 2019-20. The table shows two hypotheses of maximum and minimum (hip max / hip min), one more optimistic and another pessimistic, depending on the evolution of the climate in the last stage of the crop. If we add to the production an “carry over” estimated at just over 1 million tons and considering a historical stock of approximately 500,000 tons, we will finally have an exportable volume of around 13 million tons. Of which, exporters have already declared (DJVE) to November 8, 7.4 million. With these data, an agile export flow and concentrated shipments in the first quarter of 2020 would be expected.

Argentina: wheat offer and demand

		2019/20 (*)		2018/19	2017/18
		Hip Max	Hip Min		
- Stock Inicial	Mill/ton	1,4	1,4	0,6	0,7
Area Sembrada	Mill/has	6,5	6,5	6,1	5,5
Rendimientos	Kg/ha	2,894	2,748	3,021	3,192
- Produccion	Mill/ton	19,8	18,8	19,0	18,1
- Total Oferta	Mill/ton	21,2	20,2	19,6	18,8
- Consumo Interno (1)	Mill/ton	6,3	6,3	6,2	5,7
- Compras 30/10/19	Mill/ton	0,3	0,3	4,6	4,4
-Semilla	Mill/ton	0,5	0,5	0,5	0,5
- Exportacion	Mill/ton	13,5	12,5	11,5	12,0
- DJVE	Mill/ton	7,4	7,4	10,5	12,0
- Embarcado (2)	Mill/ton	-	-	10,9	9,8
- % S/Total Expo	%	-	-	94%	81%
- Compras 30/10/19	Mill/ton	7,8	7,8	13,3	12,2
- % S/Produccion	%	37%	38%	68%	65%
- A precio	Mill/ton	5,5	5,5	12,9	11,9
- % S/Total Compras	%	71%	71%	97%	98%
- Total Demanda	Mill/ton	20,3	19,3	18,2	18,2
-Stock Final	Mill/ton	0,9	0,9	1,4	0,6

As in our previous report, the price of Argentine wheat is presented as highly competitive compared to other sources (USA-CANADA-etc.) With gaps of more than 30/40 dollars for possible origins in terms of volume. Conditions of geographical proximity, seasonality and protection MERCOSUR are the main factors that explain this difference.

a BRAZIL	FOB Origen	+ Flete	+ Impo Tax Port	Cif Brasil			
				C/AEC	Dif C/A	S/AEC	Dif S/A
Argentina	198,0	17,0		215,0		215,0	
USA SRW	229,0	24,0	6,0	281,9	-66,9	259,0	-44,0
USA HRW	219,0	24,0	6,0	270,9	-55,9	249,0	-34,0
Francia	201,0	32,0	8,0	261,1	-46,1	241,0	-26,0
Alemania	203,0	32,0	8,0	263,3	-48,3	243,0	-28,0
Rusia	210,0	36,0	9,0	276,0	-61,0	255,0	-40,0
Australia ASW	235,0	42,0	10,5	311,0	-96,0	287,5	-72,5
Australia APW	238,0	42,0	10,5	314,3	-99,3	290,5	-75,5
Canada	245,0	29,0	7,3	305,8	-90,8	281,3	-66,3

FOB Argentina	196,0
Fobbing	11,5
Derechos Exportacion	12,7
Precio Fas Teorico	171,8
Precio FAS de Mercado	170,0
Margen	1,8

Rosario	Spot (BsAs)	213
Pos. Futuras	Noviembre	180
	Diciembre	170
	Enero/20	172

Fuente: Agritrend SA / Info.de Mercado pos. Nov/Dic en dol/ton - C/S AEC Considerando o no el Arancel externo comun de Mercosur. FOB Argentina: Base 11,5% proteina embarque dic/enero

The table to the right shows the export data for the last 4 years, highlighting that Indonesia has displaced Algeria as a second destination. Obviously, Brazil continues to lead as the main destination with volumes somewhat lower than Argentina's own domestic consumption. Likewise, Asia, North Africa and South America are expected as the main destinations for next year.

Países	2019 (*)	2018	2017	2016	2015	2014
BRASIL	4,37	5,91	5,23	4,17	3,63	1,77
INDONESIA	1,56	1,01	0,19	1,36		
KENIA	0,31	0,26	0,42	0,09	0,03	
CHILE	0,22	0,59	0,86	0,25	0,17	
VIETNAM	0,16	0,18	0,69	0,78		
TAILANDIA	0,13	0,38	0,60	0,88		
ARGELIA	0,12	1,25	1,81	0,15		
PERU	0,10	0,34	0,24	0,01	0,01	
MARRUECOS	0,10	0,16	0,18	0,14		
EGIPTO	0,10	0,10	0,13	0,19		
BANGLADESH	0,06	0,25	0,70	0,32	0,09	
ECUADOR	0,04	0,14	0,26	0,14	0,01	0,01
COREA DEL SUR				0,49		
FILIPINAS				0,33		
OTROS	1,47	1,51	1,79	0,83	0,31	0,07
TOTAL	8,75	12,07	13,09	10,14	4,24	1,85

Fuente: Min.de Agro./INDEC/Agritrend - (*) hasta 11/19 incluido/ Año calendario



Corn

The area to be sown (September-December) for the 2020 harvest is estimated to be somewhat larger than the previous one. Past crop yields have been good due to timely rains in an important part of the core zone, and production for this crop 2020 is estimated at approximately 50 million tons considering average yields close to 8 ton / ha. If regular weather behavior occurs, approximately 30/31 million tons would be exported. This would indicate that the market could have a similar flow to this agricultural year.

		2019/20 (*)		2018/19	2017/18
		Hip Max	Hip Min		
- Stock Iniciales	Mill/ton	1,3	1,3	1,8	2,5
Area Sembrada	Mill/has	6,1	6,1	5,9	5,4
Rendimientos	Kg/ha	7,790	7,554	8,136	5,956
- Producción	Mill/ton	49,5	48,0	50,0	33,5
- Oferta Total	Mill/ton	50,8	49,3	51,8	36,0
- Consumo Interno	Mill/ton	18,8	18,8	17,5	16,7
- Exportación	Mill/ton	31,0	30,0	33,0	17,5
- DJVE	Mill/ton	11,6	11,6	36,8	21,3
- Embarcado (1)	Mill/ton	-	-	29,8	15,7
- % S/Total Expo	%	-	-	90%	90%
- Compras 30/10/20	Mill/ton	12,3	12,3	35,2	19,9
- % S/Produccion	%	25%	26%	70%	59%
- A precio	Mill/ton	7,7	7,7	32,7	18,6
- % S/Total Compras	%	63%	63%	93%	93%
- Total Demanda	Mill/ton	49,8	48,8	50,5	34,2
- Stocks Finales	Mill/ton	1,0	0,5	1,3	1,8

(1) Año Comercial Marzo/Nov. según info Ofic. y Line Up

. Fuente : Agritrend SA (*) Proyectado



The main 2019 destinations have been concentrated in Southeast Asia, North Africa and South America in that order, highlighting that the exports of the last 10 years have reached about 100 different destinations. Argentine corn prices are competitive, generally they are somewhat lower than Chicago, except for certain short periods, the quality is very good (orange grains, pigmented and harder than yellow corn)

	2019 (*)	2018	2017
Vietnam	6,90	4,50	4,30
Argelia	3,40	3,47	3,20
Corea del Sur	3,02	0,10	1,80
Egipto	2,60	2,60	2,90
Peru	2,33	0,18	0,14
Malasia	1,96	2,28	1,97
Arabia Saudita	1,82	1,58	1,44
Chile	1,72	1,77	1,30
Marruecos	1,44	0,83	1,23
Colombia	1,07	0,05	0,01
Indonesia	0,68	0,32	0,19
Yemen	0,57	0,53	0,59
Cuba	0,23	0,40	0,53
Jordania	0,22	0,40	0,55
Otros	4,33	3,94	3,37
Total	32,29	22,94	23,52

Fuente: Min.de Agro./INDEC/Agritrend
(* hasta 11/19 incluido/ Año calendario)



What quality of wheat can be expected for the 2019/20 Argentine harvest?

The harvest begins at the end of October, starting in the North West and Northeast of the country. This is a marginal area for cultivation due to temperature conditions (subtropical region) and generally with a shortage of moisture during the vegetative cycle. This year the yields have been lower reaching in some lots at 2 tons / ha. Quality has shown medium levels of protein, consequently medium gluten and medium bakery quality. The destination of Northwest production is local consumption in the region and export to Bolivia.

In both regions, by mid-November the harvest has almost finished, with only a few lots left to harvest.

The rest of the wheat region (humid and semi-arid pampas), the rainfall in October and the first part of November have been irregular in quantity and distribution, which makes it very difficult to predict information on the bakery quality of the wheats in the center and south of the pampas. On the other hand, the use of fertilizers has been similar to the previous campaign, with which the expected yields could be similar or a little lower than those of the last campaigns.

The laboratory information of the first lots according to the progress of the harvest in the central zone will indicate some tendency in this regard.