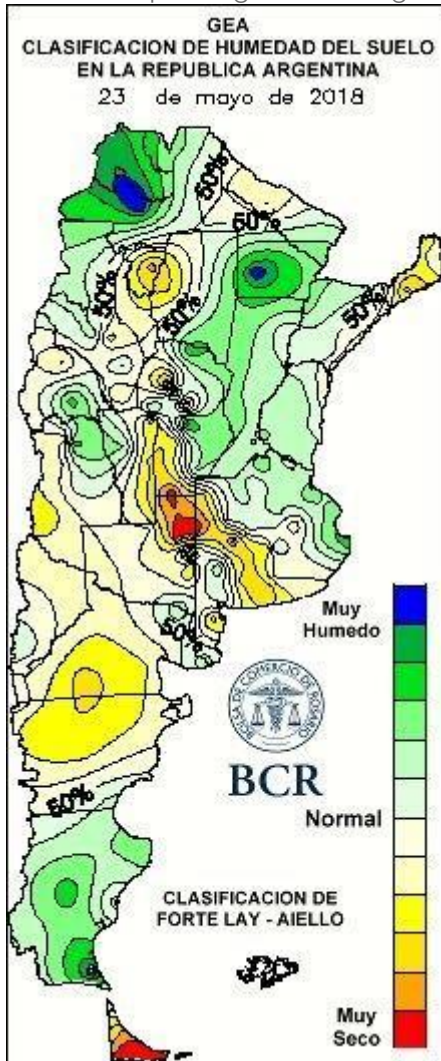


Good pace of negotiations for next harvest' wheat

FEDERICO DI YENNO - EMILCE TERRÉ

The work of sowing wheat has begun in the core region, as well as business for the harvest of this cereal in December and January 2019. In our region some lands are already being planted with the cereal these days while it is expected that the work of planting will have a greater momentum from this weekend on.



The planting area of wheat 18/19, as already mentioned in other reports, has good incentives from the economic point of view, as a result of the good prices offered in the forward contracts to harvest, but the logistic and planting plan can present certain inconveniences. In certain lands, there may be some delay in plantings, mainly due to the excessive floor's humidity. The need of financing for inputs can also become an important driver in the sowing decision. Marketing and sales in the FOB markets The commercialization for the spot wheat is developing at an accelerated pace, in comparison with previous years, the same that the wheat to harvest. As of May 16, the export sector had acquired 1.15 million tons of



wheat from the new crop 18/19. Projecting 19 million tons of production in the 18/19 crop year, this already accumulates 6% of the potential production. This value is barely comparable to that marketed in 2001/02, with 4% of the effective harvest commercialized.

Wheat 2018/19: Buyings by millers and exporters

Up to 05/16/2018	2018/19	Last Week	2001/02
Production	19,00	19,00	15,30
Total purchases by exporters and millers	1,20	0,00	0,68
	6%	-	-
Deferred pricing contracts	0,10	0,00	0,70
	4%	-	4%
Firm prices	1,10	0,00	0,00
	96%	-	0%
Available for selling (*)	17,0	18,2	14,0
Still have no price (*)	17,9	19,0	14,6

Except for percentages, the figures are in millions of metric tons

Source: Rosario Board of Trade - @BCRmercados

Regarding the current commercial year 17/18, marketing numbers continue to show a strong demand for the remaining stock. As of May 16, the total commercialized (13.2 Mt) covered 76% of the harvested volume, well above the 70% ratio in 2016/17 and the 69% average of the last 5 years. The key to these strong indicators comes from the export sector, which as of May 21 had announced export sales (DJVE) by 9.54 Mt, while at the same height last year, in a record year of exports, this value reached 8.47 Mt. That is, in a year with lower wheat production, there is a higher rate of export sales (one million tons more have been sold on the same date).





Wheat 2018/19: Buyings by millers and exporters

Up to 05/16/2018	2017/18	Last Week	2016/17	Avg. Last 5 years
Total Offer	17,50	17,50	18,20	12,00
Total purchases by exporters and millers	13,20	13,00	12,80	8,30
Deferred pricing contracts	75%	74%	70%	69%
Firm prices	1,10	1,10	0,90	0,60
	8%	9%	7%	8%
	12,20	11,80	11,90	7,60
	92%	91%	93%	92%
Available for selling (*)	3,5	3,8	4,7	3,2
Still have no price (*)	5,3	5,7	6,2	4,4

Except for percentages, the figures are in millions of metric tons

Source: Rosario Board of Trade - @BCRmercados

Regarding the external market, the increase in the FOB value of Argentine wheat has been less pronounced than that of some of our main competitors, as shown in the attached table, improving the attractiveness of external demand for our provisions. The drought continues to strongly affect winter wheat in the United States, with only 36% of it reported in good and excellent conditions according to its Department of Agriculture, well below the 52% observed at the same date last year. Moreover, in Russia the water deficit is repeated in the south of the country and there are delays in plantings in the central zone, Volga and Siberia (the latter responsible for 40% of production last year). In this context, the renowned Russian consultant SovEcon adjusted its projection of cereal production from 78.2 to 77 Mt on previous week.

WHEAT FOB COMPARATIVE (close shipment)

(figures in dollars per ton)

	Wednesday	Last Year	Variation	
	30/5/2018	31/5/2017	Weekly	Annual
SRW FOB Gulf	228,4	178,0	↑ 4,6%	↑ 28,3%
HRW FOB Gulf	261,0	208,6	↑ 3,9%	↑ 25,1%
SWh. FOB Rouen	194,9	174,5	↑ 2,9%	↑ 11,7%
W. FOB Black Sea	212,0	185,5	↓ -0,2%	↑ 14,3%
Milling Wheat Up River	202,0	192,5	— 0,0%	↑ 4,9%

