Planted Area in Argentina for 2018/19. The Oil World predictions

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In the last week, the prestigious international consultancy "Oil World" announced the projections of area sown in Argentina in the different crops for the next commercial year 2018/2019. The main conclusions of the report are the following: Indicator N ° 1: Argentine farmers will increase the area destined to agricultural production in 2018/19. The totality of the extensive crops could register a total planting area of 32.7 million hectares.

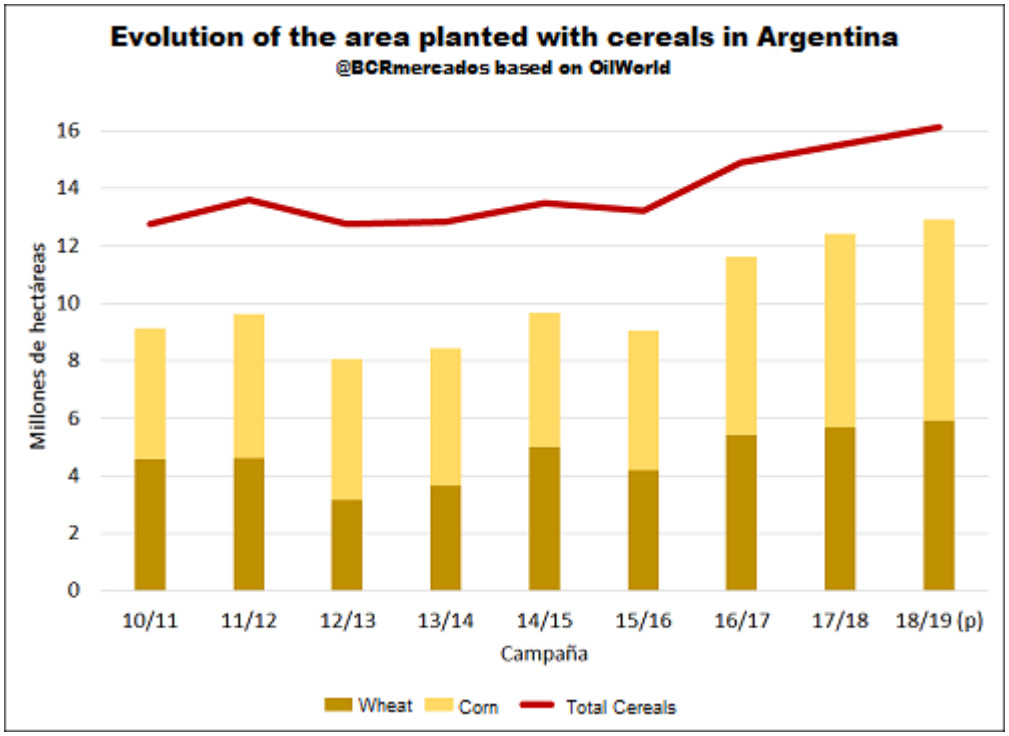
	18/19 (p)	17/18	16/17	15/16	14/15	13/14
Cereals	**16,12**	**15,50**	**14,90**	**13,20**	**13,49**	**12,82**
Wheat	5,90	5,70	5,40	4,20	5,00	3,65
Corn	7,00	6,70	6,20	4,85	4,65	4,80
Barley	0,90	0,85	1,00	1,51	1,08	1,34
Sorghum	0,74	0,70	0,73	0,85	0,84	1,00
Others	1,58	1,55	1,57	1,79	1,92	2,03
Oilseeds	**21,17**	**20,43**	**21,48**	**22,54**	**22,34**	**22,16**
Soybean	18,50	17,90	19,10	20,30	19,90	19,78
Sunflower	1,90	1,75	1,69	1,33	1,38	1,31
Others	0,78	0,78	0,69	0,91	1,06	1,07
Total Planting	**37,30**	**35,93**	**36,38**	**35,74**	**35,83**	**34,98**
Second soybeans	4,60	5,10	3,69	2,94	3,52	2,94
Planted Area	**32,70**	**30,83**	**32,69**	**32,80**	**32,31**	**32,04**

Source: Oil World

Indicator N ° 2: According to Oil World, the area used for cereal production will continue to expand, to achieve a new maximum of 16.12 million hectares in 2018/19. This marks a continuity in growth that began in 2016, when restrictions on foreign trade in wheat and corn markets were eliminated. Based on the 2015/16 crop year, it is estimated that the area sown with cereals will grow by close to 3 million ha, 22.12%. It would go from 13.2 million ha in 2015/2016 to 16.1 million. Considering wheat and corn individually, the two main crops within the group of cereals and over which there used to be restrictions on trade, it is observed that the first will reach an area of 5.9 million hectares, 40% more than in relation to 2015/16 (4.2 million ha), while corn will be planted 7 million hectares, which implies an increase of 44% since the export taxes and export quotas were eliminated.

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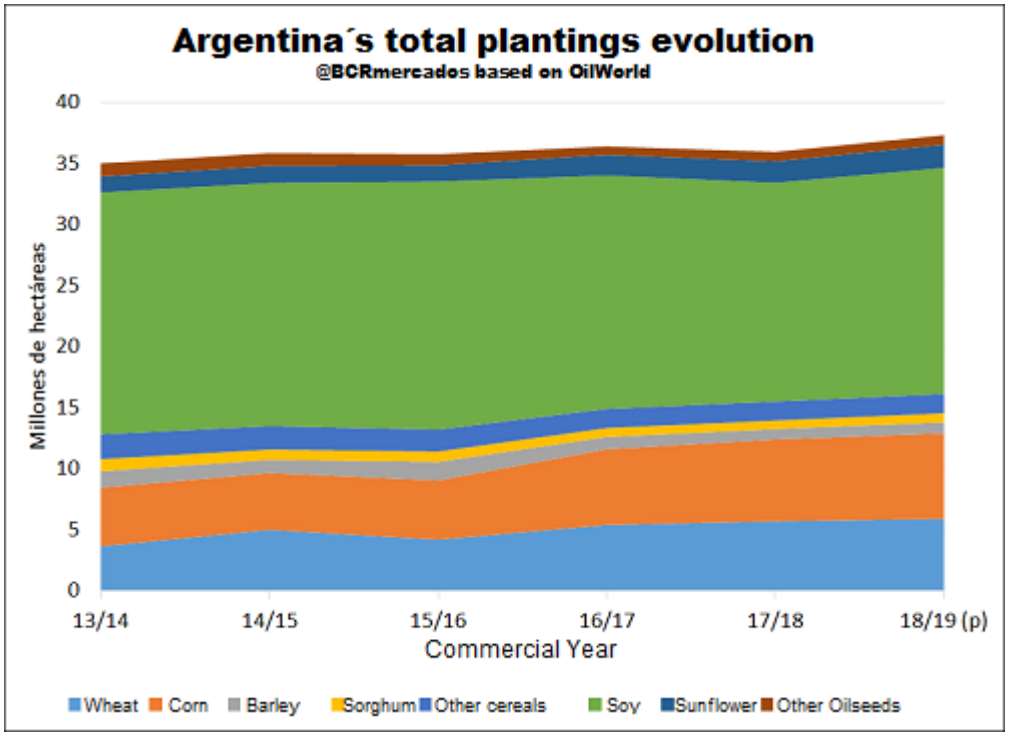
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Indicator N ° 3: Oil World expects a recovery in the area planted with soybeans in Argentina, which is expected to reach 18.5 million ha. Last year, the area cultivated with soybeans was strongly affected by adverse weather conditions. Water excesses that occurred during the planting period caused the area planted with soybeans to be at the lowest level of the decade with 17.9 million hectares, of which an unusually large area of 5.1 million hectares was planted late with fast-growing varieties, normally used for a second crop after wheat harvest. For this year, a recovery in the planting of the main oilseed is expected, which would reach 18.5 million hectares, based on the assumption that the climatic conditions will improve. Despite this increase in relation to the previous season, the soybean area would continue below the previous years. Data N ° 4: The area planted with second-planting soybeans would remain firm: 4.6 million ha. This record implies an increase of 1.6 million from the average of the last 5 years. Another fact that stands out is the high level expected for the planting of second soybean in the new season. Without considering the previous year due to the above-mentioned abnormalities, it is expected that in 2018/19, 4.6 million hectares will be destined for second soybeans, which represents an increase of 1.6 million hectares over the average of the last five seasons, always taking the data estimated by Oil World. This greater sowing of second soybeans is caused by two factors: the growth of the area destined to cereal production and the good margins that are projected for the wheat / soybean double crop.

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The application of quantitative restrictions and also taxes on exports to wheat and corn until 2016, generated lower prices for producers and a fall in the incentives to produce and invest in these crops. Since its elimination, cereals began to gain ground to soybean in total planting. A phenomenon that helps the sustainability of agricultural production. In its report, Oil World clarifies, regarding soy, that the evolution of prices and the exchange rate, as government policies, will be those that will finish determining the area that is really implanted with the oilseed.

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