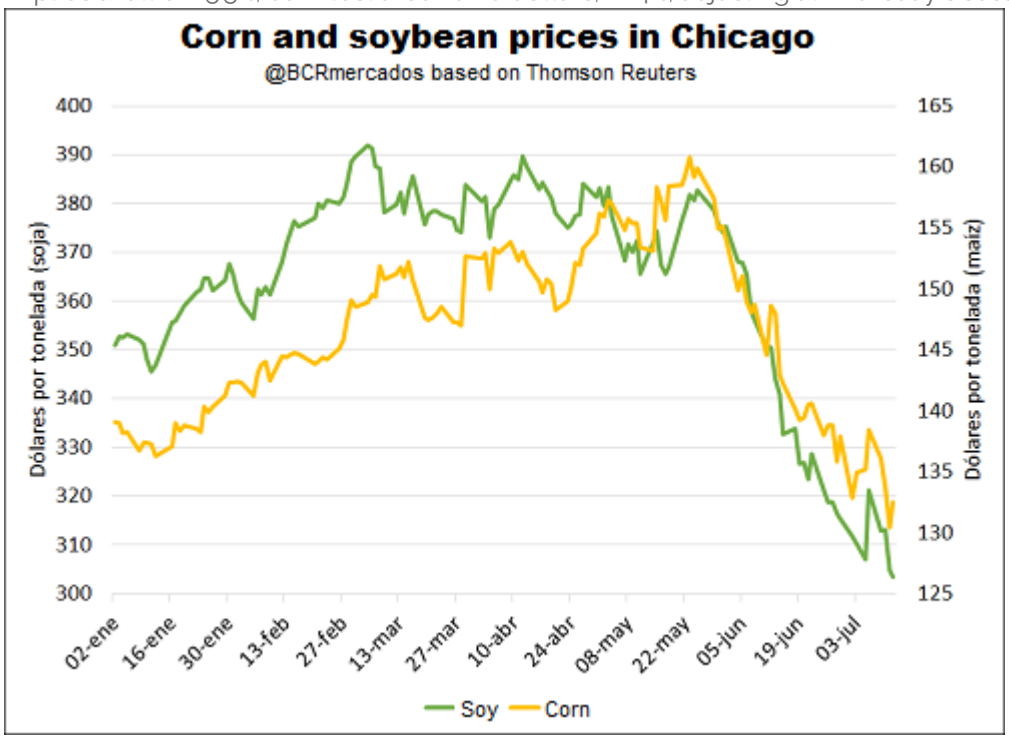
China and the United States hit the coarse grains

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In the international arena The outlook that the Chicago for coarse grains showed on last week for coarse grains does not present major changes in relation to the previous weeks. The commercial war unleashed between the United States and China remains the main focus of attention of operators. The soybean and corn prices have been falling sharply since the last days of May. After reaching maximum values for that month, which stood at US $ 160.82 / t for corn and US $ 382.69 / t for soybeans, both commodities started falling as the conflict developed. Taking as starting point the maximum records of May, in the case of soybeans the decline was close to US $ 80 to settle at the end of last Thursday at US $ 304.97 / t which implies a fall of 25.5%; corn lost around 28 dollars, 21.4%, adjusting at Thursday´s session to US $ 132.50 / t.



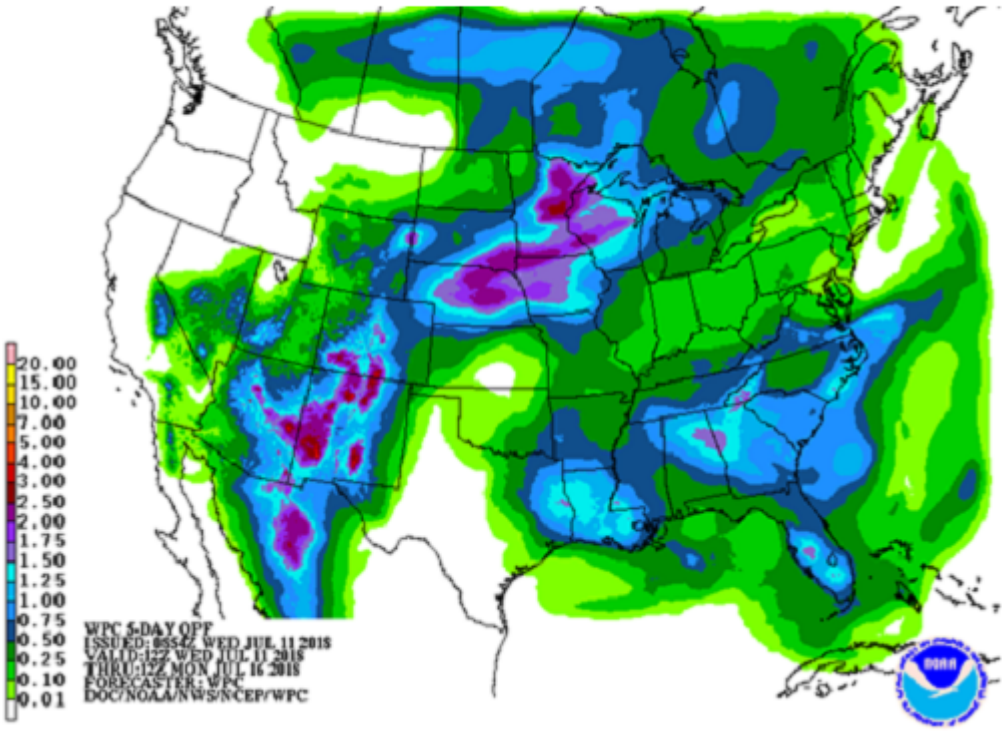
Analyzing what happened in the week, it can be noted that after a significant upturn in the price of soybean on Friday 6 (increased US $ 14 driven by technical buying) and a growth of US $ 6 in corn over that week, agricultural products resumed their negative trend at the beginning of the previous week to completely erase the recovery achieved. The same Friday, the US and China exchanged the first offensives in what could become a prolonged trade war, applying tariffs on goods for another 34 billion dollars (including American soybeans) and without showing signs of stepping back. Tariffs on a range of Chinese products imported by the United States came into effect on Friday, to which China responded immediately with equivalent measures, and accusing the Trump administration of triggering a "large-scale trade war". On Wednesday, this conflict between the two world largest economies had a new episode that turned the screens of the world's financial markets into red, among which are the derivatives on agricultural commodities, from a new threat from US President Donald Trump to impose tariffs on another 200 billion dollars of Chinese products, further deepening the trade dispute between the two nations. The keys to the USDA report A relevant event of the last week was the publication, on Thursday, July 12, of the monthly report of Supply and Demand Estimates (WASDE) of the United States Department of

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Agriculture. The report provided bullish data for the prices of corn due to the forecast of lower final stocks in the US, while for soybeans, the largest inventories in the United States and globally that are expected for the next year, negatively impacted in the international prices of the oilseed. With respect to soybeans, estimates for the United States showed reductions for supply and exports, and increases for crushing and for the 2018/19 final stocks. The latter were projected at 15.8 million tons, an increase of 5.3 Mt compared to last month's estimates, and above the 12.8 Mt expected by the market operators, which caused the prices to go down in the CBOT immediately after the report was published. At the global level, the increases in the estimates for the initial and final stocks stand out, both being well above the expected values. The estimated 2018/19 production for Brazil grew to 120.5 Mt, the same happened with their exports, which are projected to include 2 Mt more than in the June report. For Argentina, the production was increased by 1 Mt to 57 Mt for the 18/19 commercial year, with exports remaining unchanged at 8 Mt. In the case of corn, the report had an upward impact on prices, mainly from the indicators reflected in the United States balance sheet. In spite of the increase of almost 5 Mt foreseen for the 2018/19 production, the higher exports and domestic consumption led to a fall in final stocks, while the operators expected them to increase. The same happened with the final 2017/18 stocks, which were below the market forecasts. In the world, final stocks fell 2.7 Mt, while the market expected an increase of 1.6 Mt for next season. The estimated corn production was reduced in Russia and Canada, while it rose in the case of the European Union, resulting in a marginal increase in the estimate of world production. The main changes in world trade for 2018/19 include lower exports of corn from Russia, more than offset by the increase in exports from the United States. The North American Crops Another driver that caps the possible recoveries has to do with the North American production and the good climatic perspectives that are foreseen at a critical period for the crops´ development. This suggests a great harvest for both soybeans and corn. In the US, the warmer than normal weather of the last two months accelerated the development of summer crops. Corn presents 37% of the area in the critical period of flowering, exceeding by 19 p.p. the last 5 years' average. The condition is very good and excellent in 75% of the planted area and is reinforced with good short-term climatic perspectives. According to the NOAA map, parts of Nebraska, Iowa, Minnesota and Wisconsin could receive the most rain between Saturday and Sunday.

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Projected rains in the US
Source: NOAA



In Argentina In the previous week, prices fell in the Rosario Board of Trade, discouraging the development of businesses. The reference soybean price had a weekly drop of AR $ 100 / t, closing on Thursday 12 at AR $ 7,700 / t. Meanwhile, corn did not escape to the bearish trend and its price showed a decrease of AR $ 60 / t in the week compared to the previous one, closing last Thursday at AR $ 4,150 / t. Purchases from industries and exporters As it is known, the drought that affected our fields during the summer and the subsequent waterlogging during the harvest months, would leave the current 2017/2018 commercial year with a much lower soybean production than the average of the last five years, being estimated at only 35 million tons. In just three months and a few days since the beginning of the commercial year, exporters and industries have already purchased 72% of this total. Estimating that 1.3 Mt would be used as seed for sowing, there are only eight and a half million tons of available 2017/18 soybeans, which can be used internally in some of the farms for animal feed or go to the markets. This figure is notoriously lower than comparable figures: 29 Mt in the last year and 25.4 Mt as an average of the last five years.

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Soybean 2017/18: Buyings by millers and exporters

Up to 07/04/2018	2017/18	Avg. 5 years	2016/17
Production (Million tons)	35,0	55,0	57,3
Farmer selling* (Million Tons)	**25,2**	**28,3**	**26,9**
	72%	*51%*	*47%*
Deferred pricing contracts	12,1	12,5	14,5
	48%	*44%*	*54%*
Priced contracts	13,1	15,7	12,4
	52%	*56%*	*46%*
Available for further buyings	**9,8**	**26,8**	**30,4**
Volume still not priced	**21,9**	**39,3**	**44,9**

Source: Rosario Board of Trade based on Ministry of Agriculture and estimations of our own.

Meanwhile, purchases for the new 2018/2019 crop year are evolving at a normal pace. As of July 4th, 800 thousand tons were acquired between exporters and industries, slightly below the average of the last 5 years, of 1 million tons at the same height. The outlook is less adjusted for 2017/18 corn, with total purchases of both sectors that despite being lower than last season (16/17), are aligned with the average values of the last five commercial years. By the first week of July, industries and exporters had purchased 16 million tons in the domestic market; there are still almost 12 MT available to be commercialized in the market, which is slightly superior to the average.

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Corn 2017/18: Buyings by millers and exporters

Up to 01/00/1900	2017/18	Avg. 5 years	2016/17
Production	31,7	30,3	38,0
Farmer selling (Million tonnes)	**16,0**	**16,1**	**18,5**
	51%	*53%*	*49%*
Deferred pricing contracts	3,2	3,2	4,3
	20%	*20%*	*23%*
Priced contracts	12,8	12,8	14,2
	80%	*80%*	*77%*
Available for further buyings	**11,8**	**11,5**	**15,6**
Volume still not priced	**15,0**	**14,7**	**19,9**

Source: Rosario Board of Trade based on Ministry of Agriculture and estimations of our own.

Regarding 2018/19 corn, the market seems to move within the usual parameters: 1 million tons had been purchased as of July 4, very close to the average of the last five years, of 16.1 million.

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