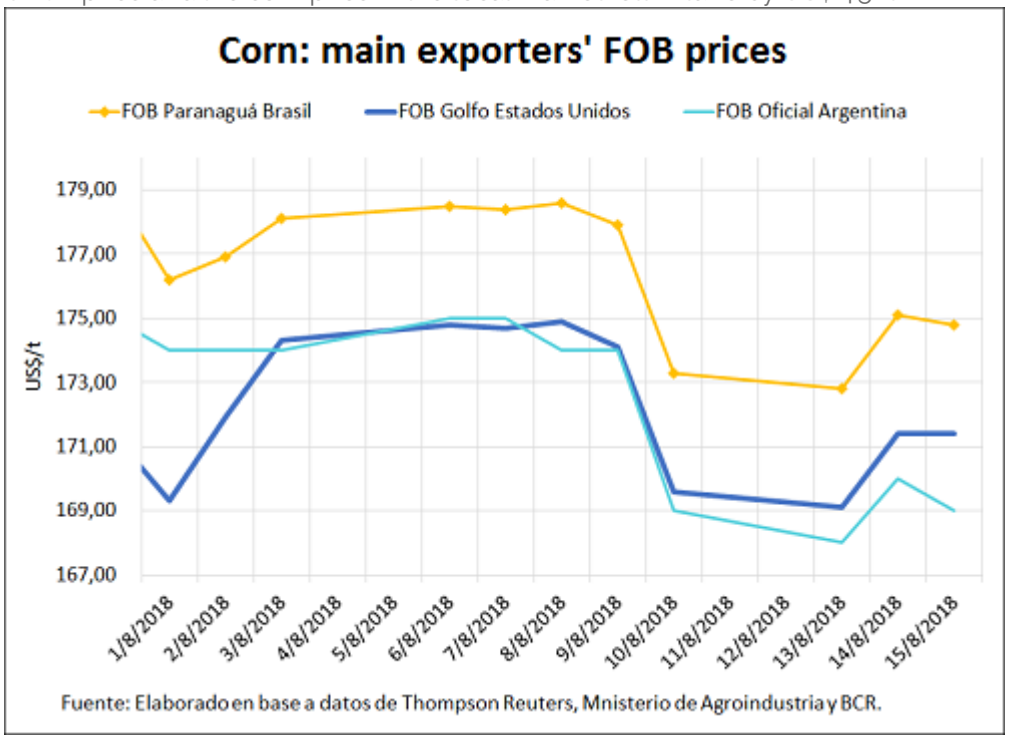
# Good market prospects for corn and wheat

SOFÍA CORINA - FEDERICO DI YENNO - EMILCE TERRÉ

On Friday, August 10, the USDA published its monthly report projecting a corn production larger than expected. This projections had an evident impact on the corn traded in main US, Brazilian and Argentine markets. On this day, both the CBOT price and the corn price in the local market fell in tune by US$ 4.5/t.



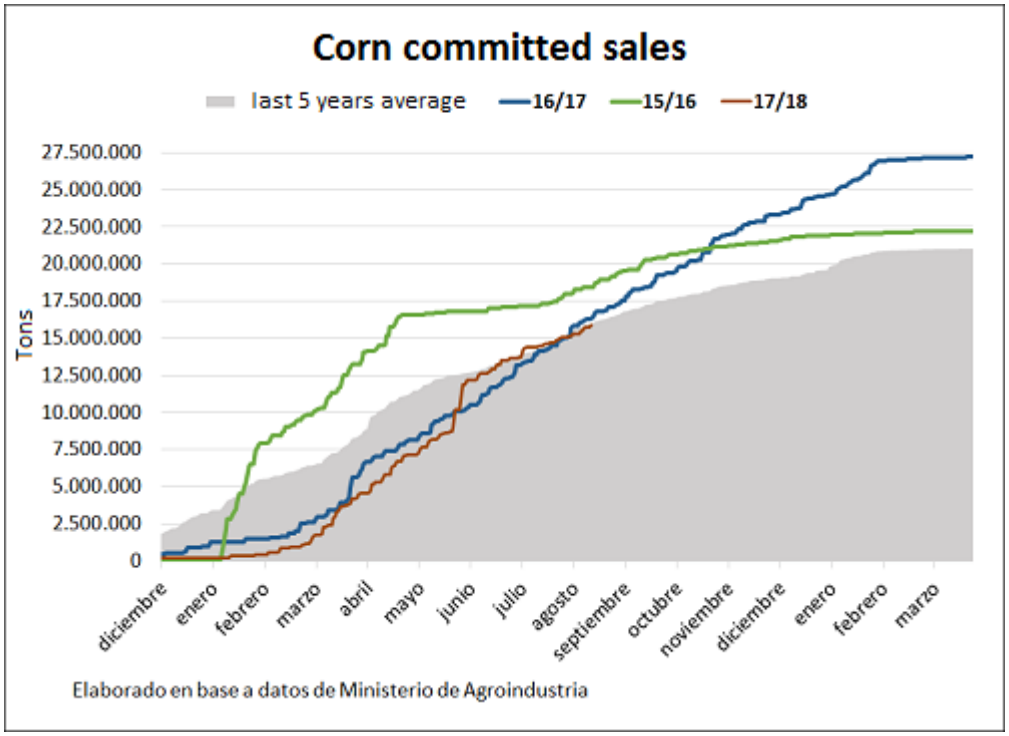
Fuente: Elaborado en base a datos de Thompson Reuters, Mnisterio de Agroindustria y BCR.

In the local market, after dropping to US$ 150.2/t on Monday, the price of corn recovered following the external trend and reacting to the strong global demand. The International Monetary Fund (IMF) estimated in its June report a global economic growth of 3.9% for years 2018 and 2019. Asia's emerging economies, whose annual growth is projected at around 6.5% during 2018-2019, remain the most important driver of this phenomenon. This is precisely the destination where corn demand has exhibited a sustained growth year after year and is expected to continue in the future. Argentine corn exports Corn export sales for the 2017/18 season are very much alike last year's levels. By mid-August, 2017/18 committed sales already reach 15.9 MT, similar to the 16.31 MT for the past crop on the same date. This represents a high rate of transactions taking into account that export projections are lower due to the productive losses this season.



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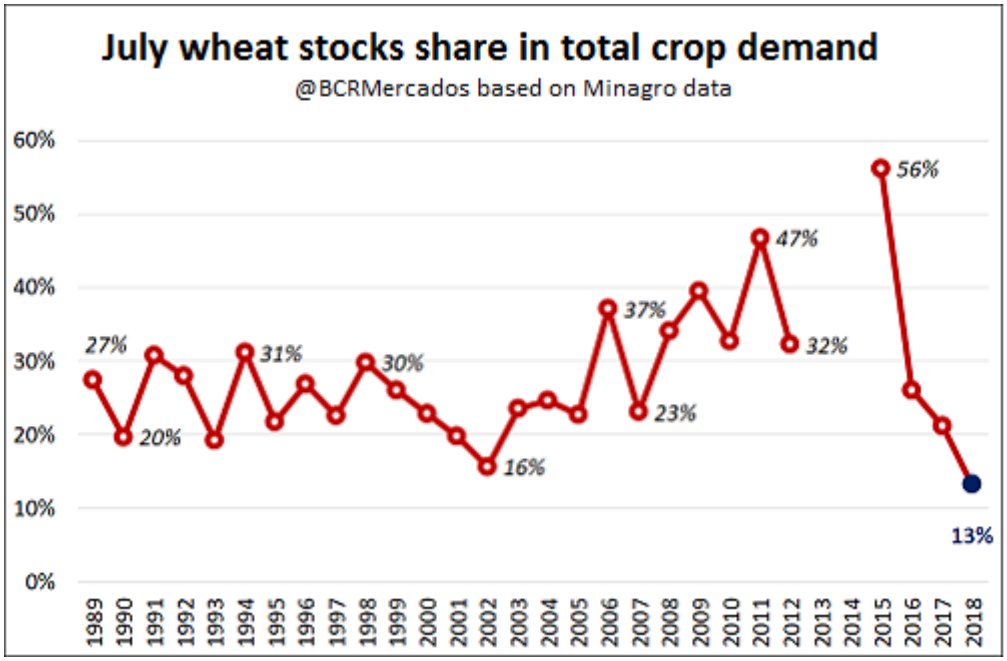



Corn could maintain a good level of activity in the domestic market this week thanks to the dynamic of the export market. Rosario's Board of Trade reference price on Thursday the 16th was US$ 154.7/t, decreasing US$ 2.4/t if compared to the previous Thursday. Although there has not been large corn transactions at Rosario's Board of Trade, there is still a good number of buyers. There is a greater number of buyers that increase the demand for the new corn crop (February/March), reaching an open value of US$ 165/t on Thursday the 16th. Wheat outlook Rosario's Board of Trade reference price experienced a 7% rise during the week, up to US$ 218.9/t, underpinned by committed sales and the depreciation of the local currency. Within the next 30 days, 170,000 tons of wheat will be shipped from Rosario Hub's ports, evidencing exports demand pressure. Despite the higher level of activity registered in the spot segment his week, the buyers interest on new wheat crop (November 2018/March 2019 delivery) reappeared this week, with lower values than last week though. Meanwhile, in MATba, there was a recovery of wheat futures with delivery in Rosario towards the end of the week. December position registered a weekly variation of -3%, US$ 211.5/t on Thursday. This season's production has proven to be too scarce compare to the demand, and the stocks have been reduced significantly for this time of the year. The Ministry of Agribusiness has reported wheat stocks in grain storage, plants and terminal elevators (not considering cereal in the hands of farmers) for the month of July of 2.42 MT, the lowest volume in the last 16 months (although it should be considered that there is no available data for the years 2013 and 2014). Calculating the ratio between July's stocks and the demand for wheat, the resulting value is the lowest ever recorded. The current ratio is 13% while the previous minimum was 16% in 2002.

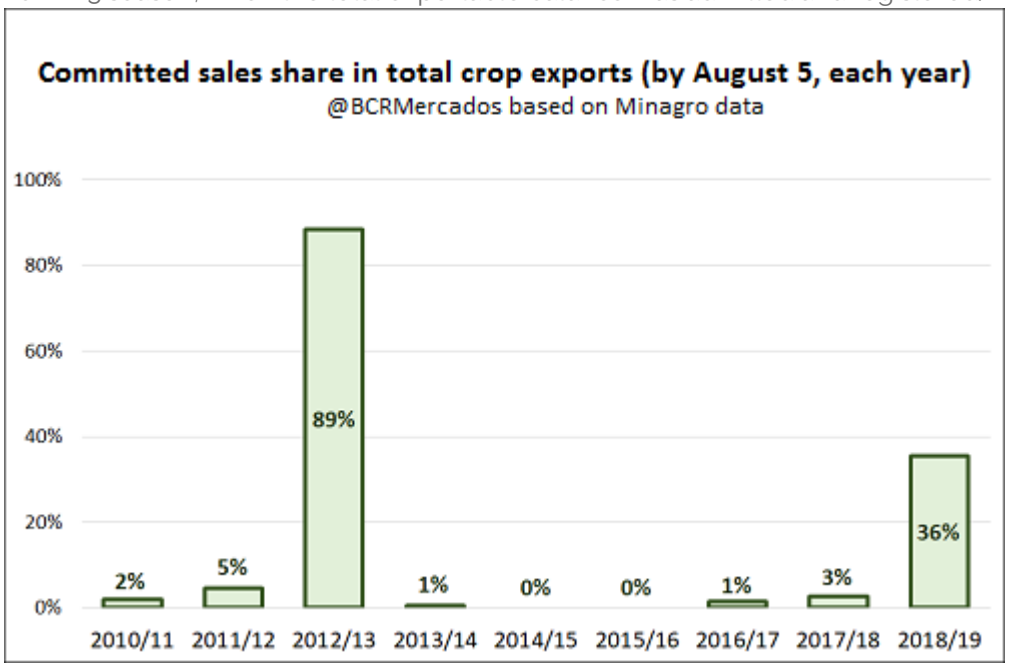


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Regarding export sales, transactions continue to be registered week after week as 2017/18 season committed sales exceed 11.7 MT, the highest volume in history for the month of August. Committed buys of new wheat crop by August 15 also represent a record volume of 4.8 MT. Therefore, committed wheat already reaches 36% of 2018/19 Argentine exportable production, a very high percentage when compared with the average of recent years (with the exception of 2012/13 season, when the total exportable balance was admitted and registered).




Concerning new wheat supply, the combination of good prices and favorable climatic conditions supported planting intentions. Thus, 138,000 hectares were added to the consolidated projection of a 6.32 Mha planted area, according to GEA



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(Rosario's Board of Trade). Therefore, production could reach a record around 21 MT. In the short term, rains will further boost wheat yield, as it will help maintain the tillers and optimize the absorption of nitrogen fertilizers. Then, atmospheric conditions will stabilize with a marked decrease in humidity. Meanwhile, key wheat suppliers suffer from severe water deficits and high temperatures downward the projected world production.



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