



Low stocks underpinned wheat prices last week in Argentina

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2017/18 crop and the remaining stocks from the previous cycle make 19 million tons; from which 16.2 million tons have already been acquired by both local industry and exporters. The purchases in this period, that represent 85% of the total, are much higher than the past 3 cycles average (69%). Currently, there are only 2.1 million tons available from 2017/18 crop and further 2 million tons of wheat in local elevators and plants. Of these 4.1 million tons of wheat, half are already commercialized.

Wheat 2017/18: Export Highlights

Up to 09/26/2018	2017/18	5 Years Avg.	2016/17
Committed Sales (Reported DJVE*)	0,92	5,74	1,84
Exporters boughts of grain	12,31	6,78	6,71
<i>Ratio Purchases/DJVE</i>	<i>1337%</i>	<i>118%</i>	<i>365%</i>
Deferred pricing contracts	0,31	0,34	0,15
	3%	5%	2%
Priced contracts	12,00	6,43	6,56
	97%	95%	98%
(+) Exporters pending purchases /	-11,39	-1,04	-4,87
(-) Exporters stocks			

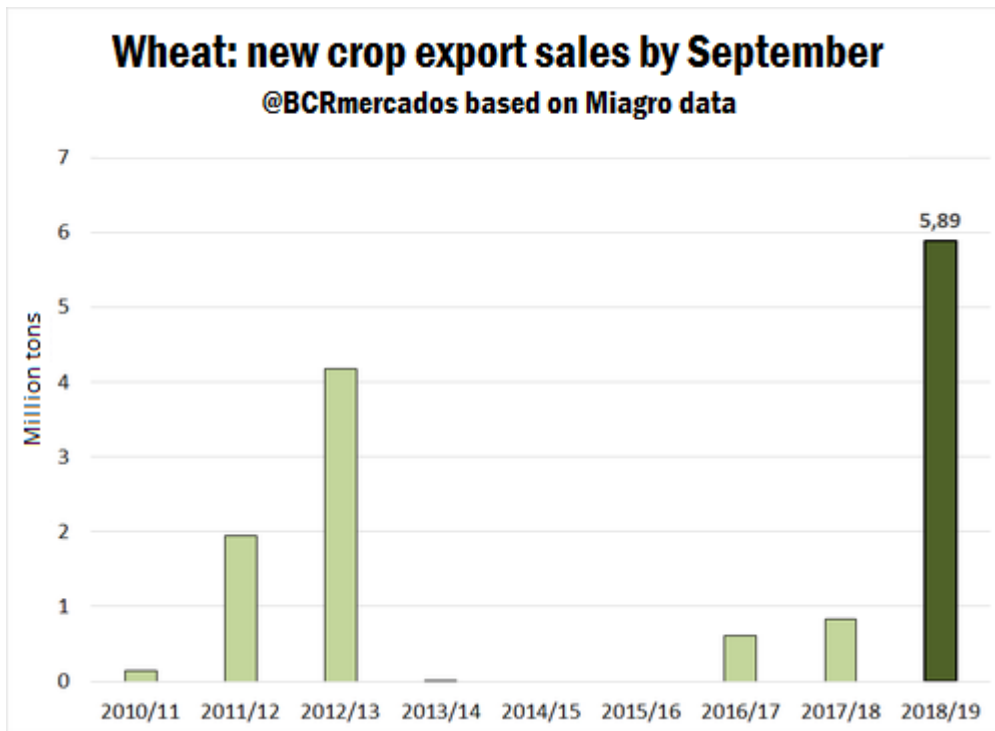
* (DJVE) Affidavits of committed sales to date

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

Source: Rosario Board of Trade - @BCRmercados

Given the high demand context, local buyers went for an early purchase rally. Today, 6.4 million tons of 2018/19 wheat are already committed, almost twice the volume of new crop's purchases during the same period last year. It is worth mentioning that exporters' purchases represent 98% of the total, as Argentine wheat has very promising commercial prospects next year. According to the International Grains Council, global wheat stocks would drop for the first time in six years. Argentine export sales of 2018/19 wheat reached record levels: 5.89 million tons by October 3. This figure is seven times the export sales registered to same date last year, and it is almost 10 times the existing commitments two years ago.





Regarding the crops condition, sudden changes in temperature affected the plant tissues. October brought very low temperatures, after a very hot September. Local frosts affected some areas in the core productive region of Argentina. Some of these frosts hit low moisture areas, which led to a more severe damage in crops, as instead of freezing water vapor, it freezes the water in the plant tissues. Moreover, the most affected fields were those located in low territories. This phenomenon may drop the yields of the southern area of Santa Fe province and eastern Córdoba.

