



Next harvest wheat has already enabled exports worth US\$ 1,300 M

EMILCE TERRÉ

Up to October 10, wheat exporters have sold 5.9 million tons abroad, to be shipped between December 2018 and July 2019. Measured in US dollars, this is close to US\$ 1,305 million. 85% of these commitments (US \$ 1,106 million) would be shipped in the quarter from December 2018 to February 2019, matching the main harvest period.

2018/19 wheat export sales estimation

by 10/10/2018

Shipment	Export sales (tons)	FOB estimated Average (US\$/tn)	Export sales estimated avg (US\$)
dic-18	1.435.550	217	311.238.000
ene-19	2.098.891	217	455.405.000
feb-19	1.471.130	231	339.153.000
mar-19	477.000	226	107.913.000
abr-19	150.000	223	33.475.000
may-19	190.000	237	45.106.000
jun-19	40.000	247	9.860.000
jul-19	30.000	248	7.451.000
TOTAL	5.892.571		1.309.601.000

Fuente: DIYEE - Bolsa de Comercio de Rosario, en base a Secretaría de Agroindustria y estimaciones propias.

Based on an estimated production of 19 million tons in the 2018/19 crop year, and foreseeing excellent prospects for international demand in the face of the stocks shortcut in some of the world's main cereal suppliers, Argentina's total exports could be around 12.6 million tons; 5% above 2017/2018 but still below the historical record of 12.8 Mt reached in the 2016/17 commercial year.



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Estimated supply and demand for wheat in Argentina

(November-December)

		2016/17	Estimated 2017/18	Projected 2018/19
Seeded area	Mill. Ha.	5,61	5,43	6,32
Harvested area	Mill. Ha.	5,45	5,24	6,13
Non harvested area	Mill. Ha.	0,17	0,19	0,19
Yield	QQ/Ha.	33,4	33,4	31,0
BEGINNING STOCKS	Mill. Ton	2,7	1,5	0,6
PRODUCTION	Mill. Ton	18,2	17,5	19,0
TOTAL SUPPLY	Mill. Ton	20,9	19,0	19,6
DOMESTIC CONSUMPTION	Mill. Ton	6,5	6,5	6,7
Industrial use	Mill. Ton	5,9	5,8	6,0
Seeds and others	Mill. Ton	0,7	0,8	0,7
EXPORTS	Mill. Ton	12,8	12,0	12,6
TOTAL DEMAND	Mill. Ton	19,3	18,5	19,3
ENDING STOCKS	Mill. Ton	1,5	0,6	0,3
Stocks/consumption	(%)	8%	3%	1%

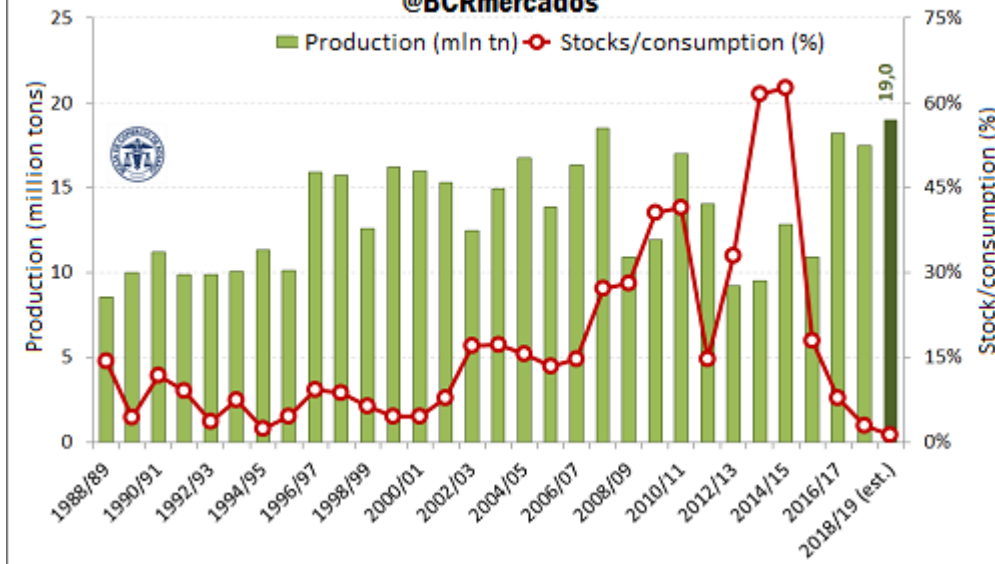
Fuente: Dir. Información y Estudios Económicos - Bolsa de Comercio de Rosario

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This is because beginning stocks will be tight on next commercial year, just 600,000 tons. Thus, although production would still be an all-time record, the total supply of 19.6 Mt would be lower than the maximum of 20.9 Mt reached in 2016/17.

Wheat production in Argentina

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If these estimates are met, 2018/19 final stocks would reach a historical minimum, leaving the stock / consumption ratio in just 1%. Low stocks combined with a strong demand are usually associated with periods of high volatility in prices, making hedges advisable to minimize its impact on companies' results.



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