



Tight stocks and lower production expectations support wheat prices in Argentina

SOFÍA CORINA - EMILCE TERRÉ

Despite wheat price in Argentina dropped during the past week, the fall was much softer than in the main markets worldwide. The low level of stocks and the recent 200-tons cut in production forecasts from damaged crops due to lack of rain, hailstorms and late frosts, pushed wheat prices up in the local market. Currently, the 10-day rainfall accumulation offered some relief to the crops during the critical filling stage. The average accumulated rainfall in the country's core productive area is between 15 and 20 mm. Although yields are not likely to be modified by this stage, water helps crops to develop in optimal conditions.

USDA wheat estimates for Argentina

	2016/17	2017/18	2018/19
Harvested area	5,56	5,80	6,00
Beginning stocks	0,82	0,25	0,80
Production	18,40	18,50	19,50
TOTAL SUPPLY	19,22	18,75	20,31
Domestic consumption	5,15	5,75	5,80
Feed use	0,05	0,05	0,1
Food, industry and seed use	5,1	5,7	5,7
Exports	13,83	12,20	13,60
TOTAL DEMAND	18,98	17,95	19,40
Ending stocks	0,25	0,80	0,91
Stocks/Consumption	1%	4%	5%

Fuente: DlyEE - BCR en base al Global Agricultural Information Network del USDA

Meanwhile, in northern Santa Fe, farmers continue the harvest with improved results. According to Santa Fe Stock Exchange, first recorded yields in the province's northern departments are in average 16 to 18 qq/ha while maximums reach 29-31 qq/ha. In addition to the cuts in production estimations, tight stocks also support prices in the local market. The Bureau of Agroindustry of Argentina informed stocks in local elevators, industrial plants and port terminals of 1.4 million tons. This figure is the lowest volume registered in the past 15 years (there is no data from the Bureau of 2013-2014 period).



