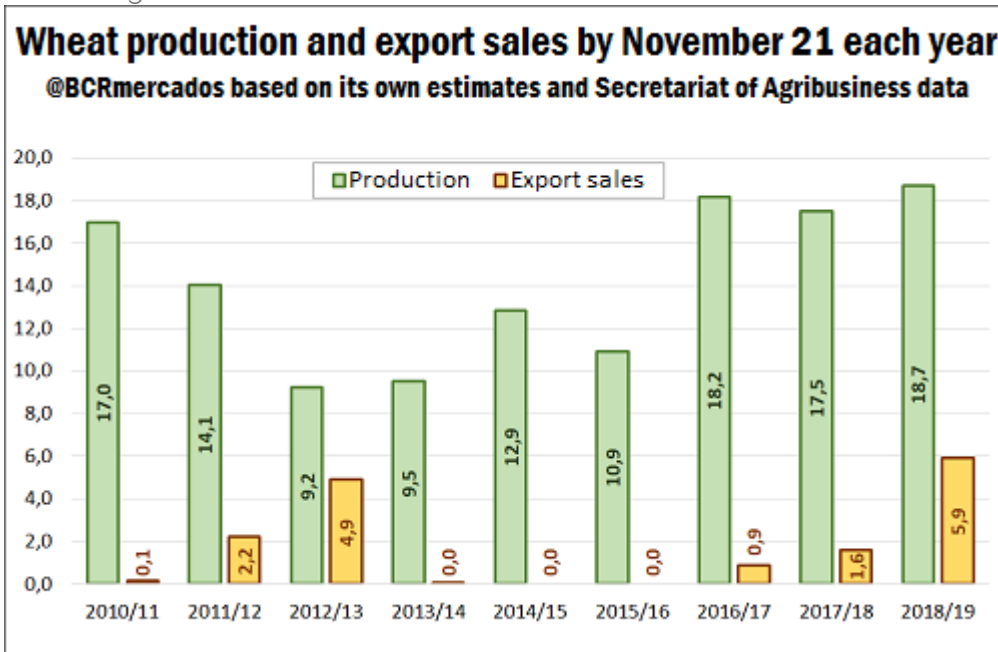


The cut in wheat production adds pressure to Argentina's wheat balance

FRANCO RAMSEYER - EMILCE TERRÉ

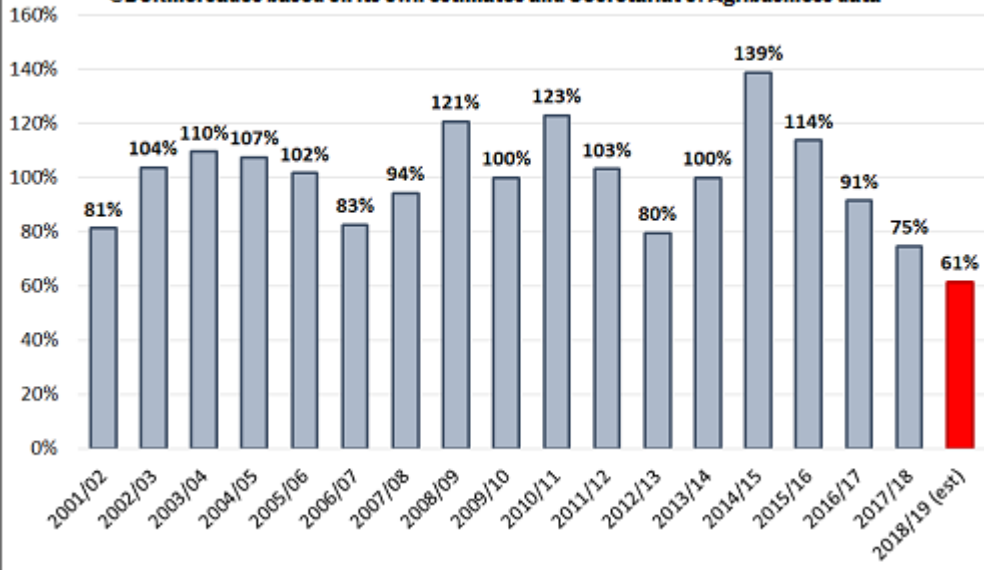
In addition to the bad weather effect, stored wheat levels are currently the lowest in history, which leaves no room for any significant increase of exports. However, export sales this cycle already reached 5.9 million tons that is four times last season's figures.



According to the Secretariat of Agribusiness, by November 14, exporters' new wheat purchases reached 7.15 million tons, which is one and a half times last cycle's record and it represents the largest volume in history by this time of the year. In addition to exporters' purchases, millers' purchases reach 422,000 tons, totaling 7.6 million tons. Given an estimated 19.3 million tons supply, there would be only 11.7 million tons left to market –lowest in record in the last 5 years- as harvest season just begin in Argentina. The result of comparing the current stock of non-commercialized wheat (11.7 Mt) with total demand –adding internal and external consumption- is that given an estimated 19 Mt total supply, the remaining wheat covers only 60% of the estimated demand, the lowest record from 2000 onwards at least.

Wheat available by Nov. 15 compared to total wheat demand

@BCRmercados based on its own estimates and Secretariat of Agribusiness data



The relatively low supply does not only support wheat futures but it also adds a lot volatility to the market. Between Tuesday and Thursday, more than 1,000 trucks loaded with wheat entered daily Rosario Hub's terminals. This number of deliveries almost doubled last week's records. The rapid pace of deliveries respond to a very ambitious shipment program that aims to ship close to half a million tons from the Rosario Hub's port by mid-December, 40% up last year's records.

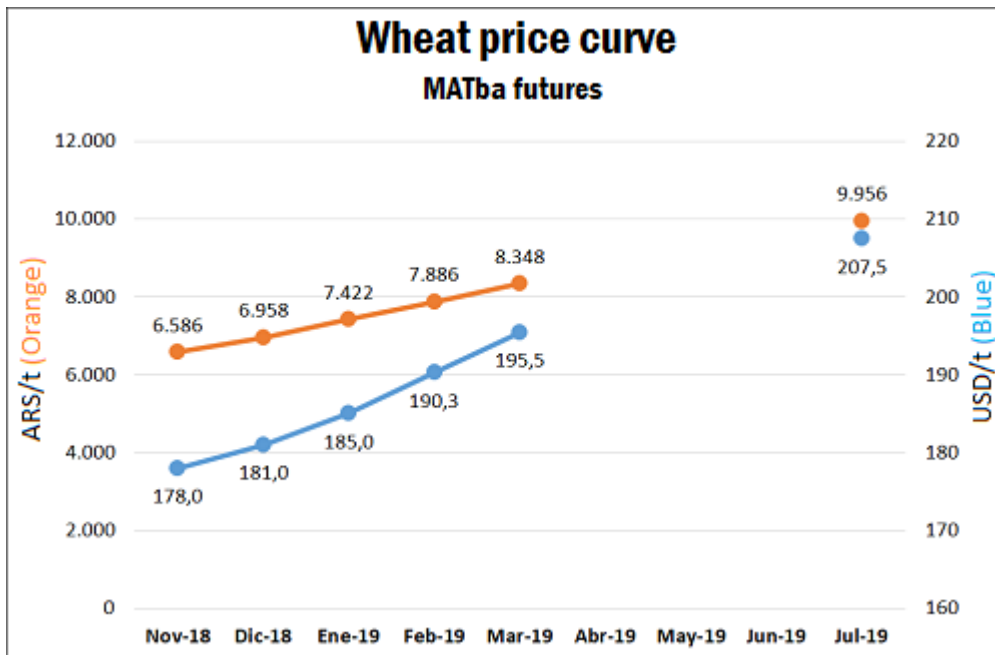
Argentine ports status by Nov. 21

Vessels loading -or about to load-, in tons

Ports	2017	2018	Var. %
San Lorenzo	174.500	385.940	
Rosario	180.000	104.100	
Zárate		15.700	
Necochea	59.250		
Bahía Blanca	81.000		
TOTAL ARGENTINA	494.750	505.740	2%
TOTAL UP-RIVER ROSARIO	354.500	490.040	38%
% (Up-River/Total)	72%	97%	+ 25pp

Source: DlyEE-Rosario Board of Trade based on NABSA data

As for wheat prices in the local market, March future price has increased by 10% reaching US\$ 195,5/t, while July future grew by 17%. Despite the bullish mid-term signals, in the short-term, wheat price in the local market is under the pressure of the harvest season.



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