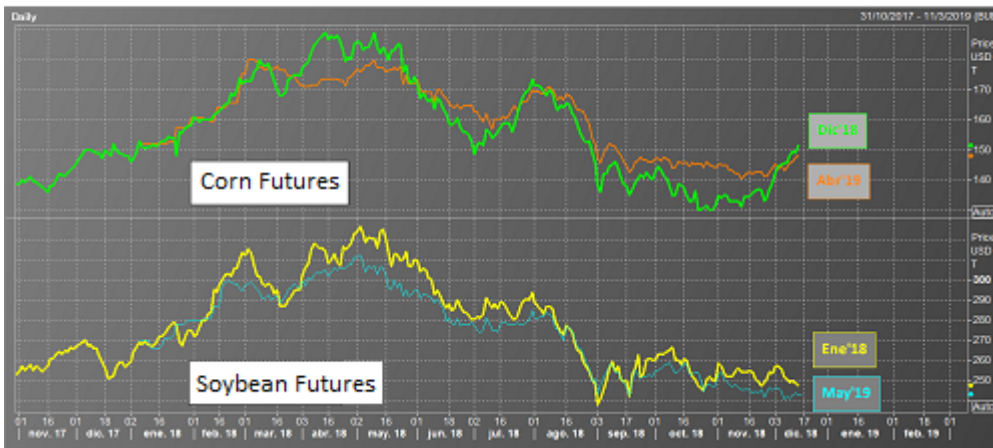


Corn takes center stage as soybeans continue to depend on geopolitics

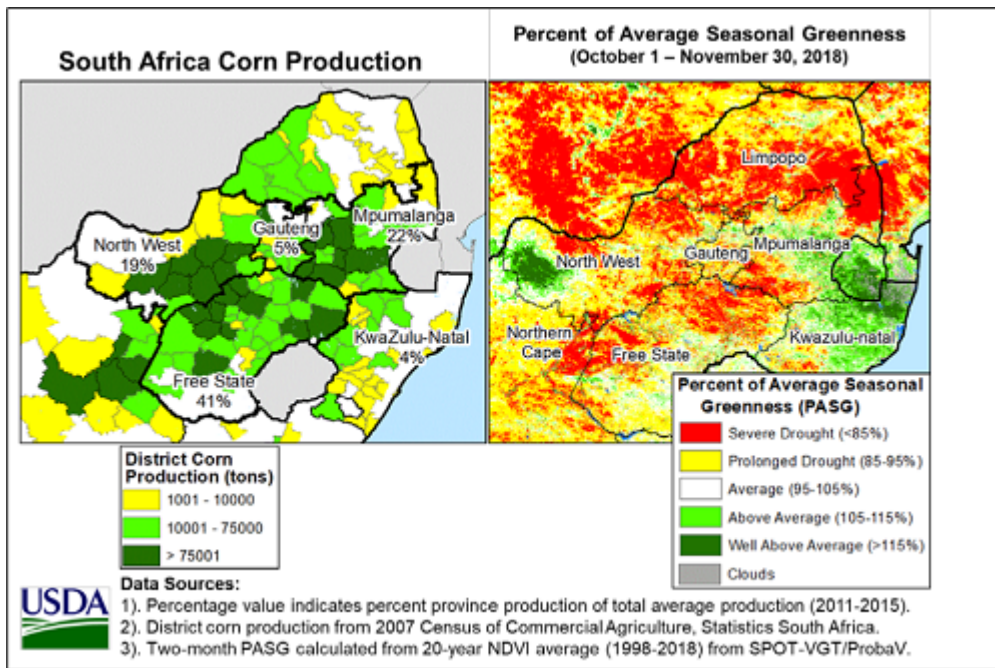
BLAS ROZADILLA - EMILCE TERRÉ

A strong export demand and the fears of a possible productive failure in South Africa –as a result of the water deficit- have supported corn prices worldwide. Meanwhile, soybeans price fall responding to forecasts of higher global supplies, although it is the progress of US-China negotiations what continues to explain the movement of prices. MATba January Soybeans closed on Thursday at US\$ 247.4/t, US\$ 4.1/t below previous Thursday price. New soybeans, meanwhile, rose by US\$ 2.5/t due to the delay in planting work in Argentina, to US \$ 243/t on Thursday. In the case of corn, MATba December contract had a weekly rise of US\$ 6/t to US\$ 151.5/t; while the reference position for 2018/19 corn, April future, rose by US\$ 5/t in the week to US\$ 148/t.

Soybean and corn MATba prices



About 40% of Argentina's total grain production is traded in Rosario Board of Trade. Soybeans price on Thursday was US\$ 240.5/t, increasing US\$ 3.8/t in the past week in Rosario. It is likely that once US-China trade resumes, business activity in the local market would decline, at least until the arrival of the new soybean crop in April. As for corn market, operators were particularly active on January deliveries, which price is around US\$ 145 /t. Meanwhile, soybeans and corn planting activity is facing several setbacks from the adverse weather in the core productive area. Heavy rains produced local water patched that forced farmers to replant in some cases. Second soybean crop, meantime, is currently heading despite fieldwork delays. In the case of corn, fieldwork progress is still above last year's pace, although there is concern about western Buenos Aires province's situation. The hailstorms that took place last week in this area caused some severe damage, and, the crops in southern Buenos Aires were affected by anomalously low temperatures. South Africa is among the ten main corn producers and exporters and is currently facing some delays in corn planting progress, as USDA maps below show. Dry conditions in South African Corn Belt not only have delayed plantings, but they are also likely to cut yields and cause price rises in the domestic market.



According to agricultural consultancy Agricensus, future prices' takeoff in the Johannesburg Market due to corn shortage leads commercial operators to consider importing Argentine corn. Although this practice is not usual, it would not be the first time that South Africa buys Argentine corn, since the African country bought 1.4 Mt in the 2015/16 cycle and 785,000 tons in 2014/15, both seasons we affected by El Niño phenomenon.