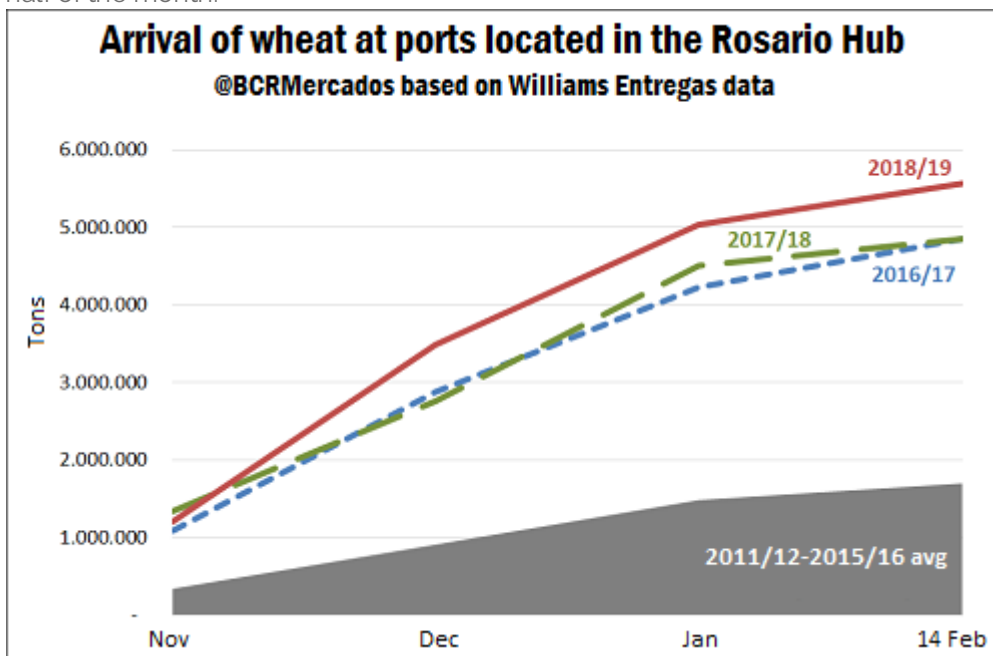


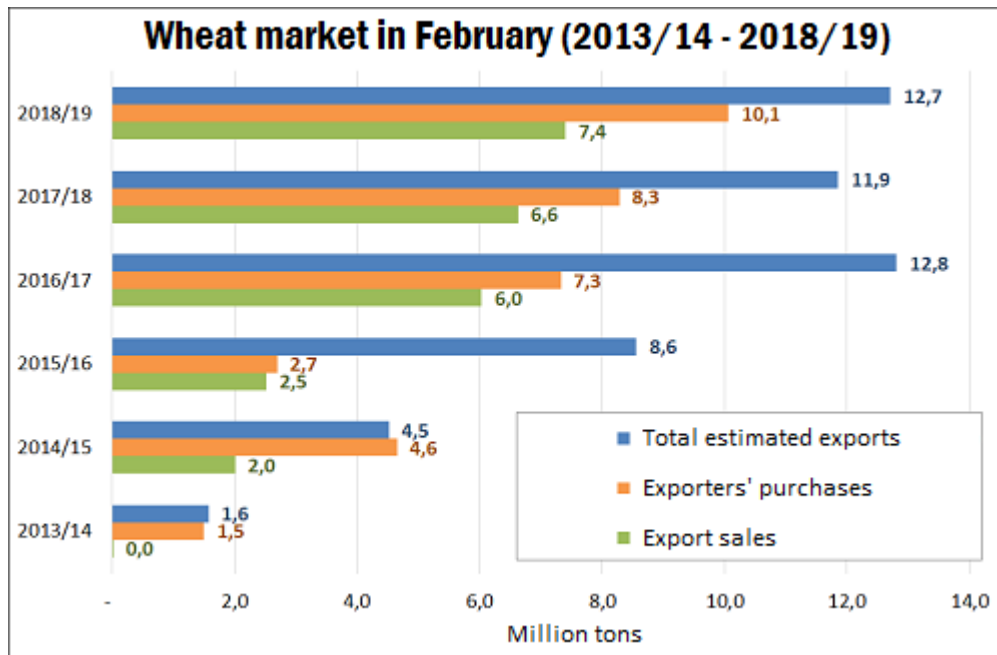
# Wheat prices continue to fall this week in Argentina due to weaker export demand

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Wheat market in Argentina is particularly tight this year as the available wheat by middle February is the lowest volume in at least 5 years. While total supply reaches 19.6 Mt –considering production and beginning stocks–, purchases for export and industrial use in Argentina account for almost 11.8 Mt, leaving only 7 Mt of wheat in the market, until the new crop arrives. In February 2018, purchases were over 8 Mt, while the 3-year average is around 11 Mt. Given this scenario, in which the demand seems quite well stocked, the prices in the local spot market started to fall. The arrival of wheat trucks at Rosario Hub's ports in the first fortnight of February is the second largest record in at least 7 years. In effect, we estimate that more than half a million tons of wheat arrived during the first half of the month, well above the 350,000 tons of the previous year and the average 300,000 tons of the last five years. However, it is expected for arrivals to ease in the second half of the month.



Wheat exports for 2018/19 season are estimated at 12.7 million tons. Currently, the export sector has already purchased 10.1 Mt, that is, 80% of the estimated total. As for the export sales, they reach 7.4 Mt, 60% of the total. Therefore, exporters' strategy consist on stocking up now and avoiding the risk of buying wheat in the second half of the marketing year, when prices tend to rise.



In the international market, Argentina FOB price increased in January reducing local wheat competitiveness worldwide. All these factors combined added pressure to wheat price in Rosario spot market, where the value decreased by 3.6% during the past week. Furthermore, new crop prices also dropped as MATba December future fell 9 dollars the past week, closing at US\$ 175/t on Thursday.



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