Wheat exported tons reach five-year minimum in crop season 2020/21 to date

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2020/21 exported tons of wheat falls 30% year-on-year. The increase of international prices softens the fall of the export value. Next crop purchases stand firm. Fund positioning turn back to positive territory.

During the first seven months of the 2020/21 wheat season (until June), accumulated shippings of the cereal reached a minimum that had not been recorded since crop season 2015/16. As can be observed in the following chart, by the month of June 2020 exports showed a record not only in export value but in export quantities, with the latter exceeding 10 Mt. However, during the first seven months of the current crop season, the exported quantities show a drop close to 30% year-on-year.

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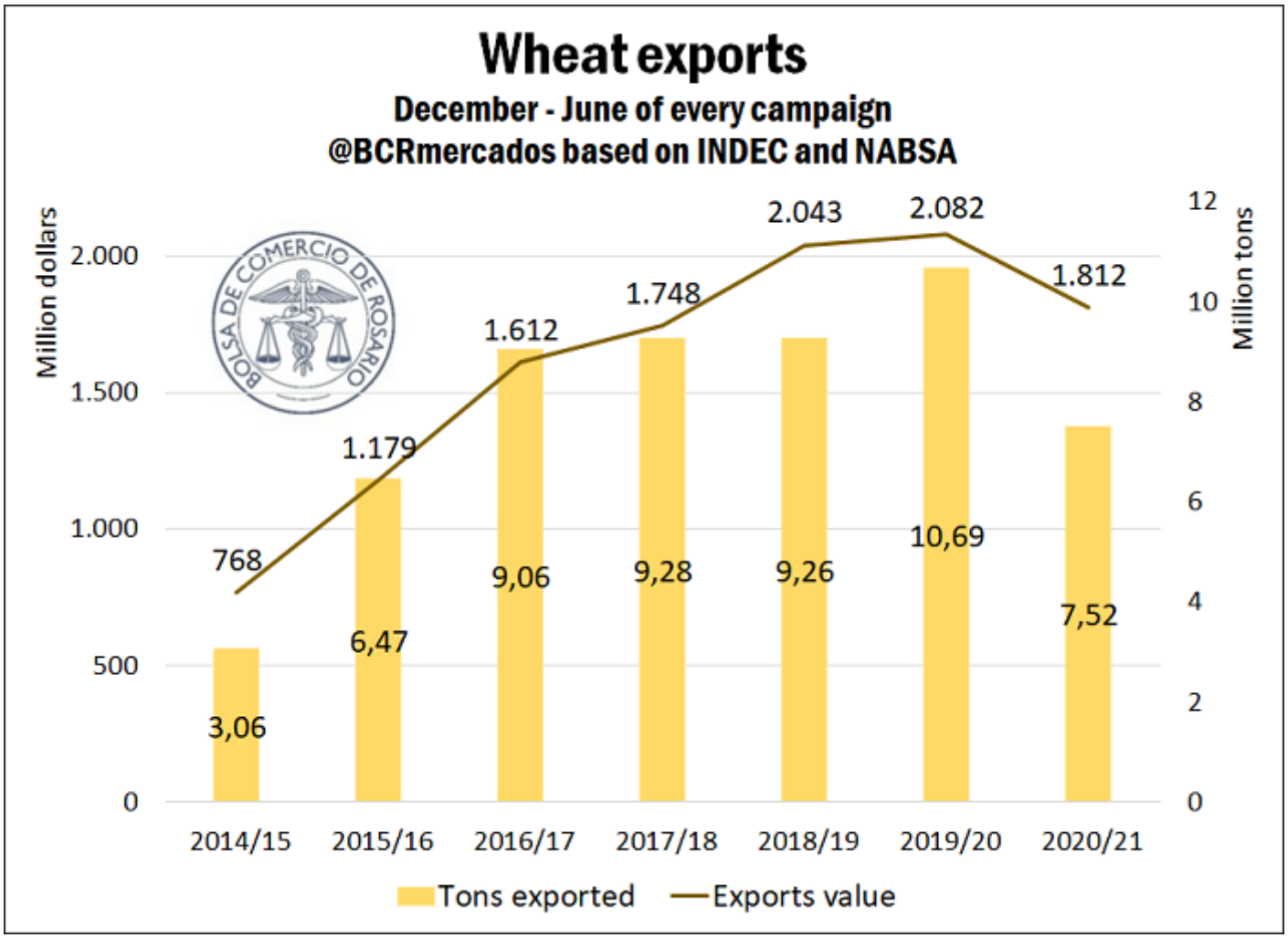

Despite this, the increase of wheat international prices supported the value of exports during the last few months. This way, the exported value of bread wheat 2020/21 until June was US$1,812 million, which reflects a 13% year-on-year drop, being a much lower figure than the exported amounts recorded. During these months of crop season 2020/21, the average bread wheat FOB prices was US$ 273.22/t, 13.3% above the US$ 241/t reached on the same period last year.

Among the main destinations of bread wheat exported by our country, Brazil strengthens as the main importer country, with over 3.1 Mt, while Chile surpassed 500,000 t. On the other hand, Indonesia is the country that is mostly responsible for the drop in exports because, although 400,000 t have been shipped this year, the traded volume is much lower than the 2.6 Mt reached by the same period last crop. It is important to highlight that Australia strongly regained its wheat production during the current crop, which prevents us from competing with the geographical closeness of both countries. Lastly, it is worth mentioning that there are almost 2 Mt under statistical secret in the National Institute of Statistics and Census (INDEC, for its acronym in Spanish) data, which prevents the exact disaggregation of Argentinian cereal destinations.

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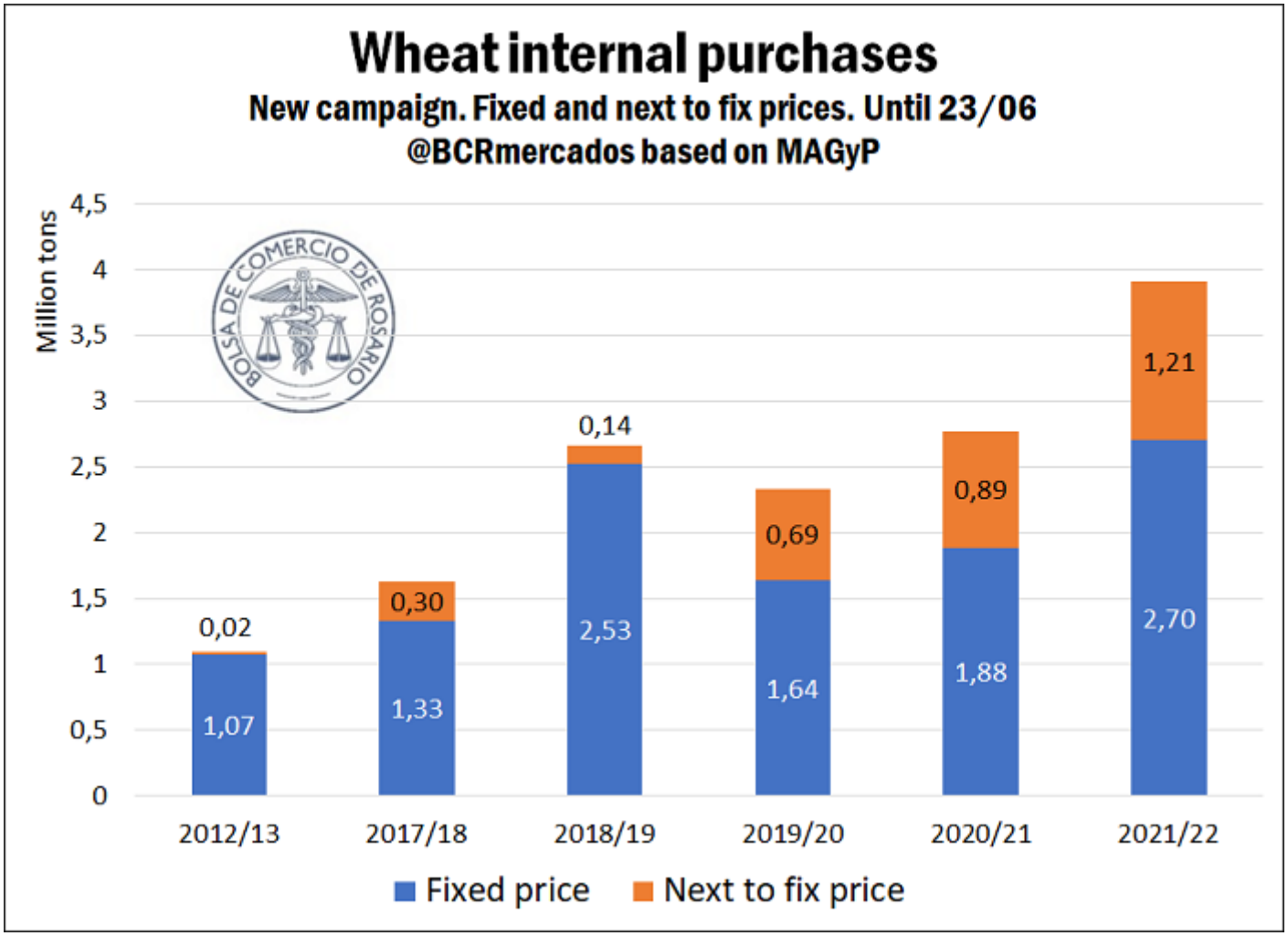
Wheat purchases for next crop season remain at record levels

Wheat crop season 2021/22, which will start on December this year, has been consolidating a trend: the booming of domestic trade before the start of the season. Crop season 2021/22 appears to be at this time of the year the crop with the most advance purchases in history. The tonnage reached so far, close to 4 Mt, has kept on the first place week after week.



Also, it is important to mention the acceleration in planting efforts of wheat 2021/22. After exceeding by mid-June the average of the last few years regarding the relative percentage of forecast planted area, the planting progress of crop season 2021/22 last week was on a par with last business year. While the last recorded data by July 1 shows a progress that already exceeds 78% of the target area of almost 7 M ha, it is higher than the soiling level from last year which, besides, forecast a smaller target area, around 6.73 M ha according to the Argentinian Ministry of Agriculture, Livestock and Fisheries (MAGyP).

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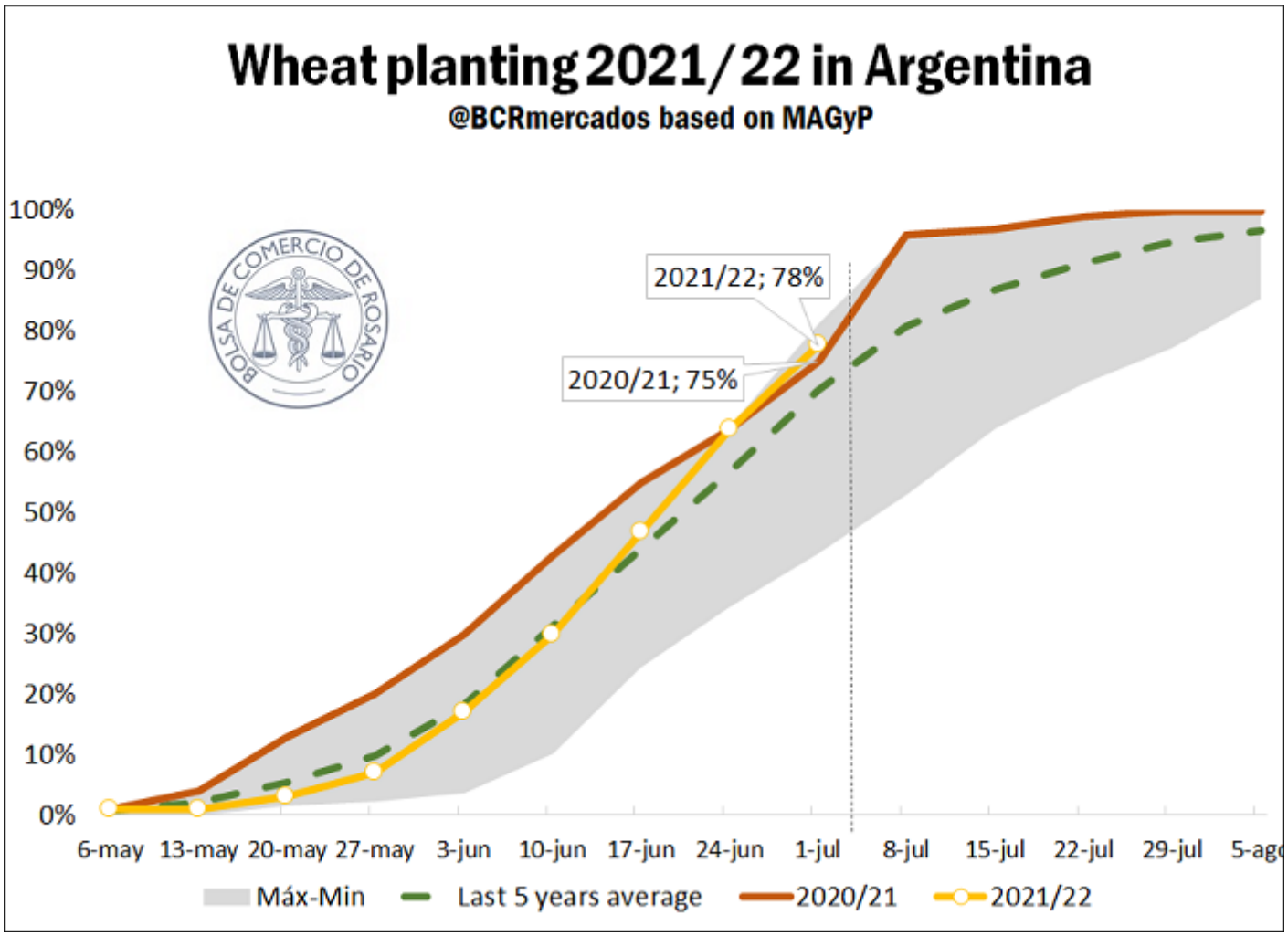

As for agronomic subjects, cold came vigorously to the core region. As it is remarked on GEA - Agribusiness Strategy Guide's last report, during the last two crop seasons, wheat suffered the cold due to an important lack of soil moisture. Fortunately, it is not the case so far for the current crop season, since 70% of the region has optimal reserves of water. This way, for the time being the cereal is not under risk, which raises some positive expectations as for the evolution of planted areas during the next few weeks.

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