

Rosario Board of Trade (BCR) Market Outlook – August 2021



Executive Summary

Grain Market

- For year 2021, the new export forecasts reach 69,587 million, US\$ 900 million above last month's report. Exports of the main agribusiness complexes might reach US\$ 35,111 million.
- 2020/21 corn trade keeps on record volumes for this moment of the year. Soybean and wheat, meanwhile, show a similar pace to previous years.
- During the first semester of the year, the oilseed industry averaged a 70% use of the installed capacity, far above the 60% exhibited during the first half of 2020.

Pork Market

- ROSPORC: Prices rose over 5% during last month, generating increases in the indexes of the sector.
- The pork market production and consumption during the first semester are record, besides, there was a trade surplus in the month of June.

*Report by the Department of Information and Economic Studies of Rosario Board of Trade
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GRAIN MARKET

Exports

Total exports and main agribusiness product forecasts

According to new estimations, **Argentina's exports would reach US\$ 69,587 million in 2021, US\$ 14,703 above last year's.**

Also, already having the official figures reported by the National Institute of Statistics and Census (INDEC, for its acronym in Spanish) for the first semester, total exports between January and June reached US\$ 35,272 million, 28% above the same period of 2020. **The main agribusiness complexes, in the meantime, reached exports for US\$ 18,452 million**, that is to say, 52% of the total exported, thus exhibiting a 39% increase with regards to the first six months of the previous year.

Argentina Monthly Exports Million US\$

Month	2020			2021				2020 vs. 2021	
	Agro-industrial	Rest	Total	Agro-industrial	Rest	July Estimate	August Estimate	Var. USD	Var. %
January ¹	2,119	2,460	4,579	2,562	2,350	4,912	4,912	333	7%
February ¹	1,541	2,837	4,378	2,210	2,565	4,775	4,775	397	9%
March ¹	1,890	2,493	4,383	2,813	2,907	5,720	5,720	1,337	31%
April ¹	2,330	2,019	4,349	3,561	2,582	6,143	6,143	1,794	41%
May ¹	2,829	2,249	5,078	3,598	3,148	6,746	6,746	1,668	33%
June ¹	2,545	2,241	4,786	3,709	3,267	6,209	6,976	2,190	46%
July ²	2,417	2,514	4,931	3,738	2,549	6,175	6,287	1,356	27%
August ³	2,203	2,752	4,955	2,945	2,822	5,986	5,767	812	16%
September ³	1,877	2,850	4,727	2,989	2,949	5,930	5,938	1,211	26%
October ³	1,781	2,893	4,674	2,746	3,080	5,732	5,826	1,152	25%
November ³	1,650	2,850	4,500	2,420	3,148	5,410	5,568	1,068	24%
Dicember ³	798	2,746	3,544	1,822	3,107	4,895	4,929	1,385	39%
Total Exports	23,981	30,903	54,884	35,111	34,476	68,633	69,587	14,703	27%

¹ INDEC official data.

² Estimated based on shipments and avg. FOB prices.

³ Projected based on own estimates.

In the chart below, exports are detailed per selected product per year. It includes forecast export data from the BCR Market Outlook Report July 2021 and the new forecasts regarding export of grain and by-products per complex.

The export forecast of the main products from the agribusiness sector at current prices reaches US\$ 35,111 million, virtually unchanged from last month's forecasts. Although the export prices of soybean meal and oil fell slightly during last month, higher FOB prices forecast for biodiesel, corn, and sunflower oil make the export value of these to compensate almost completely that fall.

If we disaggregate per export complex, soybean complex would reach exports for US\$ 22,294 million, followed by the corn complex with US\$ 7,990 million. In the third place, wheat complex would account for US\$ 2,617

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million, barley complex for US\$ 1,119 million and sunflower complex for US\$ 1,092 million. Since temporary soybean imports are forecast in US\$ 2,338 million, the main complexes of the agribusiness sector would generate net exports for US\$ 32,773 million, US\$ 10,771 million above 2020.

Main Exports of the Agricultural Sector.

Million US\$

	2018	2019	2020	2021		Var. USD 2021 vs 2020
				July Estimate	August Estimate	
Soybean, Oilseed	1.448	3.440	2.317	2.595	2.618	302
Soybean Meal	9.459	9.045	7.754	11.798	11.572	3.818
Soybean Oil	2.958	3.493	3.788	7.170	6.912	3.124
Biodiesel	938	775	442	999	1.192	749
Corn	4.189	5.925	6.023	7.875	7.990	1.967
Wheat	2.489	2.450	2.114	2.437	2.444	329
Wheat Flour	194	215	194	168	174	20
Sunflower Seed	37	70	96	135	114	18
Sunflower Meal	143	165	98	149	157	59
Sunflower Oil	550	686	444	733	821	377
Malting Barley	269	329	281	345	364	83
Feed Barley	293	370	219	519	521	301
Malt	227	284	211	271	234	23
Total Exports	23.194	27.244	23.981	35.192	35.111	11.131
Soybean Imports	2.504	1.604	1.978	2.168	2.338	360
Net Exports	20.690	25.641	22.003	33.024	32.773	10.771

Source: INDEC and own estimates. @BCRmercados

Export Duties

It is estimated that the State collected as Export Duties (DEX) US\$ 781.7 million or \$ 75,067 million during the month of July, registering a 97% increase in dollars and 165% in pesos with regards to the estimated amounts for July 2020. Besides, this would be the third best monthly record in the first seven months of the year. This way, the accumulated value between January and July 2021 reaches 5,746 million or \$ 526,289 million, considerably higher than the US\$ 1,797 million or \$ 120,090 million estimated for the same period in the previous year.

In terms of forecasts for the next few months, the State might collect another US\$ 3,132 million or \$ 311,885, so that the annual total is forecast to be US\$ 8,878 million or \$ 838.174 million. This would represent a 216% increase with regards to the total amount collected in 2020 in export duties for the main agribusiness complexes.

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Revenue from Export Duties on Main Agricultural Products

Month	Soybean Complex (million US\$)	Corn Complex (million US\$)	Wheat Complex (million US\$)	Sunflower Complex (million US\$)	Barley Complex (million US\$)	Sorgum Complex (million US\$)	Total (million US\$)	Total (million \$ pesos)	% of total collected by AFIP
January	695,4	210,1	117,4	4,7	7,5	0,0	1.035	88.783	10,5%
February	607,0	106,9	23,1	9,2	3,0	2,5	752	66.508	8,6%
March	593,5	26,4	9,6	4,0	3,0	0,0	637	57.838	7,0%
April	914,7	152,4	42,0	17,2	10,5	2,7	1.139	105.578	11,9%
May	401,3	172,6	30,9	8,5	5,1	4,4	623	58.476	6,3%
June	663,4	89,3	16,2	3,7	3,5	2,8	779	74.038	7,5%
July	675,4	79,6	13,4	2,2	6,7	4,4	782	75.067	7,3%
August	775,3	77,5	30,5	2,2	13,4	1,1	900	87.574	
September	471,8	46,4	18,5	2,5	11,3	0,5	551	54.329	
October	523,7	29,0	12,2	1,9	7,5	0,1	574	57.361	
November	498,9	37,8	22,6	3,2	15,6	0,3	578	58.491	
December	436,2	29,6	44,1	2,3	16,0	0,4	529	54.130	
Total (Million US\$)	7.257	1.057	381	62	103	19	8.878	838.174	
Total (Million \$ pesos)	687.008	98.192	35.424	5.750	9.993	1.807	838.174		

Fuente: @BCRmercados based on DJVE, MAGyP and own estimates.

Industrial Activity

After two months of drops, industrial activity turned up in June with the higher use of Argentina's installed capacity. The use of the national installed capacity reached 64.9% in the sixth month of the year, turning into the highest value for the month of June since 2017 (67.1%). However, it must be taken into account that the shutdown of companies and the rise of unemployment during the last few years implies a downward pressure on the installed capacity and, therefore, now it is closer to the ceiling because this became lower.

The oilseed industry kept a level of industrial usage of 79% in June, above the 74% industrialization average of the last 5 years for the month of June. During the first semester of the year, the most thriving industry in the country averaged a 70% use of the installed capacity, far above the 60% exhibited during the first half of 2020.

Productive and trading balance

Soybean, Corn and Wheat Trading Indicators - Current Crop Season (By 08/04/2021)

- Soybean:** Four months into the start of crop season 2020/21, by August 4 the export sector has acquired 7.2 Mt of the oilseed, while it has declared exports for 4.7 Mt. In the last case, it is below the volume committed by the same date not only in the previous crop season but also in the average of the last five crop seasons. Actual exports, on their part, totaled 2.9 Mt, considerably below the 6.2 Mt that had been exported by the same date last year. Industry-wise, the sector has already processed 12.6 Mt of soybean during the first four months of the crop season, exceeding the industrialization pace of the previous season and the average of the last five seasons. As for purchases by the industry, these reach 19.6 Mt, below the volume acquired by the sector towards the present moment during the previous crop season and the average of the last five crop seasons.

In this way, 26.8 Mt of soybean 2020/21 have already been traded. Considering that 7.5 will be destined as seed and animal consumption, there are still available for purchase 10.7 Mt of the 45 Mt obtained during the crop season, which equals 24% of the production, a similar ratio to the one recorded by the same date last year, and

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to the average of the last five crop seasons. It is clear that the lower volume of soybean traded is solely due to the lower production of the crop, and **no lower pace of soybean trading can be observed**, but quite the opposite.

- **Corn:** By August 4, 36.4 Mt of corn have been traded in the current crop season 2020/21, which is a record for this moment of the year. The export sector has acquired 34.2 Mt, exceeding the volume of purchases made by the same date not only in the previous crop season but the average of the last five years as well. Besides, 32.9 Mt have been declared as foreign trade, exceeding also the pace of crop season 2019/20 and that of the last five years. **Actual exports to date totalize 20.7 Mt, below the volume shipped in the previous crop.** As for the industry, this sector has acquired 2.2 Mt, of which 1.3 Mt have already been processed, exceeding the industrialization pace from the previous year.

Considering the production of the current crop reaches 51 Mt, of which 12.5 Mt are destined as seed and animal consumption, only 2.1 Mt are available for purchase, equivalent to 4% of the production. In comparison to previous years, it can be appreciated that **the trading pace has been more accelerated in the current crop**, since by this time of last year there still had to be sold 5.4 Mt, that is, 10% of the production. Last, taking into account the tons traded under the unquoted mode, which have not been quoted yet, there are 7.2 Mt still to be quoted of the total produced in the crop season.

- **Wheat:** Of 17 Mt obtained during the current crop season, 87% have already been traded by August 4, that is to say, 14.8 Mt. The export sector has acquired 11.4 Mt of bean, while exports have been declared for 10.2 Mt. Effective exports to date totalize 8.3 Mt, so **there still need to be shipped abroad 1.9 Mt of the total declared.** As for the milling sector, it shows a more lethargic purchase pace than in previous years: it has acquired 3.4 Mt, 500,000 t less than by the same date the previous year. The industrialized total since the beginning of the crop season to date rises to 3.3 Mt, below the figure reached by the same date last year.

Bearing in mind that 0.9 Mt of wheat will be destined as seed and for animal consumption, **1.3 Mt are available for purchase, that is to say, 8% of 2020/21 production.** Last, taking into account the tons that still have to be sold plus the tons still unquoted, **14% of the production still needs to be quoted, that is to say, 2.5 Mt.**

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		Trading indicators. Million Metric Tons									
By Aug-4 th each year		SOYBEANS			CORN			WHEAT			
Week nr. 32		2020/21	2019/20	5-Year Avg.	2020/21	2019/20	5-Year Avg.	2020/21	2019/20	5-Year Avg.	
COMPARISON BETWEEN MARKETING YEARS	SUPPLY	Beginning Stocks * (1)	11,8	8,0	7,5	6,7	6,9	7,7	2,5	2,0	2,2
		Production * (2)	45,0	50,7	52,4	51,0	51,5	35,9	17,0	19,5	18,2
		Imports (3)	5,0	4,9	3,0	-	-	-	-	-	-
		TOTAL SUPPLY (4 = 1 + 2 + 3)	61,7	63,7	62,9	57,7	58,4	43,5	19,5	21,5	20,5
	DEMAND	Exporting Sector Purchases ** (5)	7,2	7,5	8,1	34,2	31,1	21,6	11,4	15,3	11,4
		Export Sales **	4,7	6,1	5,8	33,3	29,4	21,9	10,2	12,3	10,3
		<i>Exports-to-date</i>	2,9	6,2	5,1	20,7	25,4	18,1	8,3	11,3	9,9
		<i>MY Total Exports (Est.)</i>	5,0	6,6	7,4	36,0	36,2	28,7	10,2	11,9	11,3
		<i>Needs to acquire</i>	-2,2	-0,9	-0,7	1,8	5,1	7,1	-1,2	-3,4	-0,1
		Industrial Sector Purchases	19,6	21,5	22,3	2,2	2,8	2,9	3,4	3,9	3,7
		<i>Industrialized-to-date</i>	12,6	11,4	11,7	1,3	1,0	1,1	3,3	3,6	3,4
		<i>MY Total Industrial Use (Est.)</i>	38,0	37,8	39,9	3,8	3,3	3,5	5,7	6,2	5,9
		<i>Needs to acquire</i>	18,4	16,4	17,6	1,6	0,5	0,6	2,3	2,3	2,3
		Feed, Seed and Residual Use	7,5	7,5	6,5	12,5	12,1	8,8	0,9	0,9	0,9
		Deferred pricing contracts (Expo+Ind) (7)	23%	30%	25%	14%	15%	11%	8%	6%	4%
STOCKS	Available stocks*** (7 = 2 - 5 - 6)	10,7	14,3	15,5	2,1	5,4	2,6	1,3	-0,6	2,3	
	% of output	24%	28%	30%	4%	10%	7%	8%	-3%	13%	
	Volume still not priced	16,8	22,9	23,2	7,2	10,6	5,4	2,5	0,5	2,9	
	% of output	37%	45%	44%	14%	21%	15%	14%	3%	16%	

*Source: Rosario Board of Trade
 ** Source: Ministerio de Agricultura, Ganadería y Pesca. (MAGyP)
 (3) For current Marketing Year, it includes shipments up to Jun-6, as reported by NABSA. For previous years, total monthly exports are included.
 ***Excluye el stock inicial. En el caso de la soja tampoco se contempla la importación del grano.
 Source: Economic Studies Dept.- Rosario Board of Trade, based on information provided by MAGyP and own estimates.

Soybean, Corn and Wheat Trading Indicators - New Crop Season (By 08/04)

- Soybean: domestic trading of new soybean (2021/22) shows a lower pace with regards to what happened in previous years.** The export sector has acquired 300,000 t of soybean, in line with what occurred by the same date last year, and slightly behind the average of the last five crop seasons. Of the total already traded, 52% has already been quoted, while 48% still need to be quoted. However, industry purchases are below the volume acquired not only in the previous season, but also below the average of the last five crops by the same moment of the year. **As for exports, there are still no operations on record, just as last year.**
- Corn: the export sector has acquired 5.4 Mt of soybean 2021/22,** exceeding the purchase volume of last year as well as the average of the last five years. Besides, **it is the second highest volume traded by the same date for the previous crops,** only behind what happened in 2019, when there had already been purchased 5.6 Mt of corn for the new crop season 2019/20. Of the total traded, 55% has a been set a price, in a similar fashion to what happened during the previous crop, and slightly below the average of the last five years. The industrial sector does not record corn purchases to date, in line with what happened in previous years. **As for exports, 4.3 Mt of corn have already been declared to be exported in the next crop, a record for this moment of the year.** Besides, it is 54% more than the amount obtained in 2020, which was the highest register to date.
- Wheat: domestic trade of wheat 2021/22 shows an uneven outlook between the export and the milling sectors. Exports-wise, purchases reach 4.8 Mt,** which exceeds considerably the pace of purchase both with regards to last crop as to the average of the last five crop seasons. Besides, it is **the second higher volume of new wheat purchased for export by this time of the year,** only behind what happened with crop season 2018/19. The milling sector, in the meantime, has made almost no purchases of new crop wheat, showing a more sluggish pace of purchases than in previous years. This is in line with what was observed for wheat in the current crop season since, as mentioned above, purchases made by mills are lower than the ones made in previous years. Last, **the**

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total of wheat declared for export reaches 3.6 Mt, that is to say, 41% more than the sales of new wheat by the same date during the previous crop. Besides, it is the second higher volume of new wheat anticipatedly declared for export by this time of the year, also only behind what happened in crop season 2018/19.

 New Crop Trading Indicators. Million Metric Tons										
By Aug-4th each year		SOYBEANS			CORN			WHEAT		
Week Nr. 32		2021/22	2020/21	5-year Avg.	2021/22	2020/21	5-year Avg.	2021/22	2020/21	5-year Avg.
FARMER SELLING	Exporting Sector Purchases	0,3	0,3	0,4	5,4	5,1	3,7	4,8	3,7	3,2
	Priced Contracts	52%	5%	37%	55%	59%	72%	72%	73%	83%
	Deferred Pricing Contracts	48%	95%	63%	45%	41%	28%	28%	27%	17%
	Industrial Sector Purchases	1,0	1,2	1,3	0,0	0,0	0,0	0,0	0,1	0,1
	Priced Contracts	39%	1%	49%	97%	100%	100%	40%	97%	100%
	Deferred Pricing Contracts	61%	99%	51%	3%	0%	0%	60%	3%	0%
	Total	1,4	1,5	1,7	5,4	5,1	3,7	4,8	3,7	3,3
	Priced Contracts	42%	2%	33%	55%	59%	72%	72%	73%	83%
	Deferred Pricing Contracts	58%	98%	67%	45%	41%	28%	28%	27%	17%
DIVE	Export Sales	-	-	0,05	4,31	2,81	1,48	3,64	2,57	2,04

Source: Economic Studies Dept.- Rosario Board of Trade, based on information provided by MAGyP.

Supply and demand balance forecast of Soybean, Corn and Wheat

- Soybean:** the balance sheet of soybean 2020/21 shows modifications with regards to the use of the oilseed. Due to factors more thoroughly studied in the Weekly Report N° 2014 – August 13, 2021, **the export forecast of soybean drops from 5.5 Mt to 5 Mt and the crushing forecast rises from 37.5 Mt to 38 Mt.** Since there are no other adjustments, final stocks keep at 13.5 Mt.
- Corn:** corn balance sheet 2020/21 is kept unchanged from June. As for supply, initial stocks for crop season are forecast at 7.4 Mt and production at 51 Mt, so the total supply would reach 57.7 Mt. As for the uses, 36 Mt will be destined for export, 12.5 Mt for use as seed and forage, and 3.8 Mt for milling and ethanol production, so that final stocks are forecast at 5.5 Mt. The stock/consumption ratio might fall to 10% during the current crop season.
- Wheat:** wheat balance sheet 2020/21 shows modifications with regards to the use of the cereal. Due to a sustained external demand of the cereal, its export forecast rises from 10 Mt to 10.2 Mt in line with the export sworn statements recorded to date. Since both the industrial use as the use as seed are kept unchanged, stocks by the end of the crop fall to 2.7 Mt.

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Supply and Demand Estimates

By August 17 th, 2021

		Wheat			Corn			Soybeans			
		5-Year Avg.	2019/20 e	2020/21 p	5-Year Avg.	2019/20 e	2020/21 p	5-Year Avg.	2019/20 e	2020/21 p	
SUPPLY	Planted Area	Mha	5,6	6,8	6,5	5,7	7,3	7,4	18,9	17,2	16,9
	Harvested Area	Mha	5,4	6,5	6,0	4,8	6,3	6,4	17,9	16,6	16,2
	Area Lost	Mha	0,2	0,3	0,6	1,0	1,0	1,0	1,0	0,6	0,7
	Yield	t/ha	3,1	3,0	2,9	7,5	8,2	8,0	2,9	3,1	2,8
	BEGINNING STOCKS	Mt	3,2	2,0	2,5	7,7	6,9	6,7	9,3	10,3	14,1
	IMPORTS	Mt							3,0	4,9	5,0
	PRODUCTION	Mt	17,1	19,5	17,0	35,9	51,5	51,0	52,9	50,7	45,0
TOTAL SUPPLY		Mt	20,3	21,5	19,5	43,5	58,4	57,7	65,2	66,0	64,0
DEMAND	DOMESTIC CONSUMPTION	Mt	6,8	7,1	6,6	11,2	15,4	16,3	47,4	45,3	45,5
	Industrial Use	Mt	5,9	6,2	5,7	3,5	3,3	3,8	-	-	-
	Seed and other uses	Mt	0,8	0,9	0,9	-	-	-	-	-	-
	Feed, Seed and Residual Use	Mt	-	-	-	8,6	12,1	12,5	-	-	-
	Crushings	Mt	-	-	-	-	-	-	41,4	37,8	38,0
	Feed, Seed and Residual Use	Mt	-	-	-	-	-	-	6,1	7,5	7,5
	EXPORTS	Mt	11,3	11,9	10,2	25,3	36,0	36,0	8,4	6,6	5,0
TOTAL DEMAND		Mt	18,0	19,0	16,8	36,4	51,4	52,3	55,8	51,9	50,5
ENDING STOCKS		Mt	2,3	2,5	2,7	7,1	7,0	5,5	9,4	14,1	13,5
STOCKS/USE RATIO		(%)	13%	13%	16%	19%	14%	10%	17%	27%	27%

Source: Economic Studies Department - Rosario Board of Trade

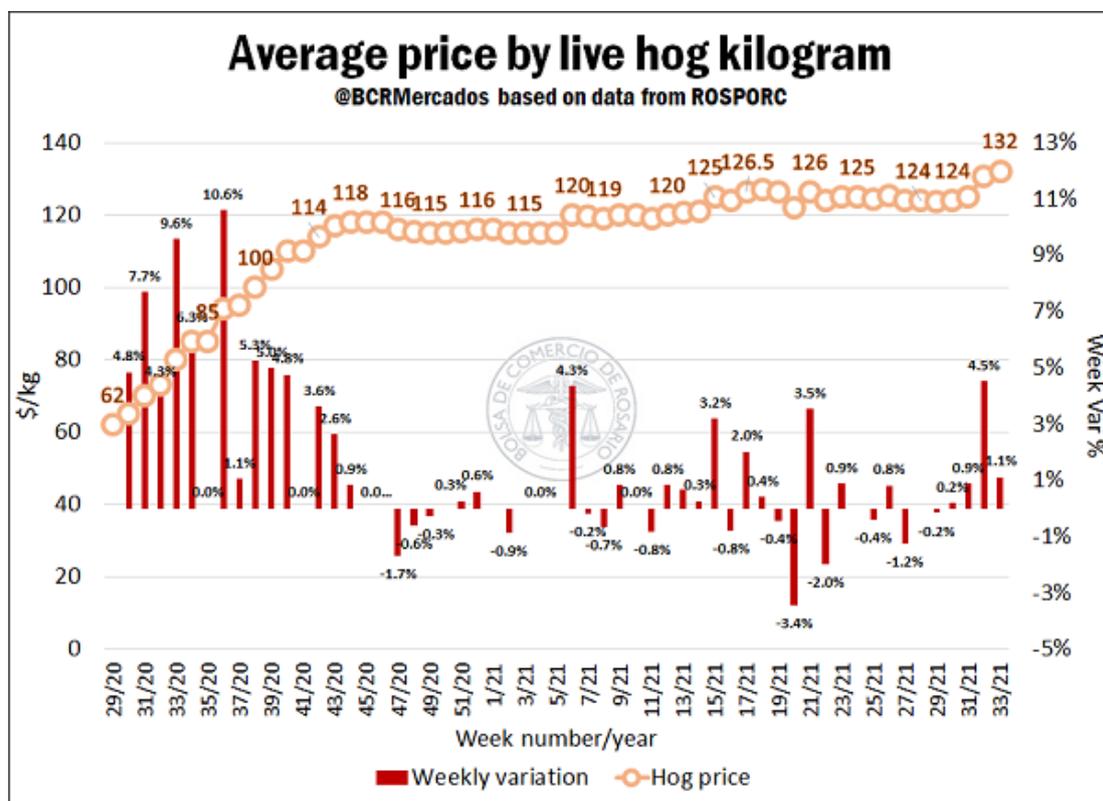
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ROSPORC – Lean Hog Quote

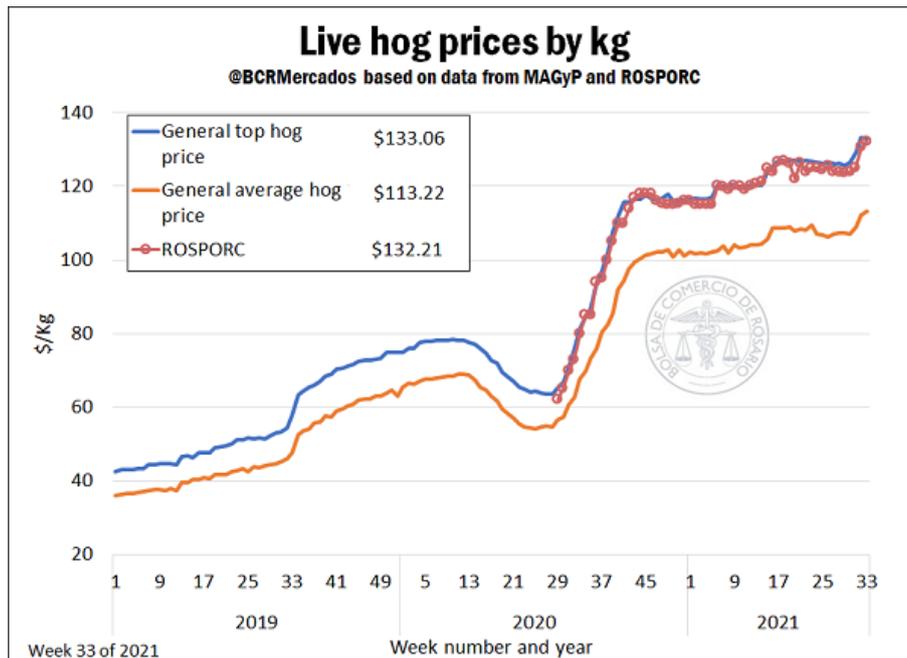
ROSPORC, the first electronic trading platform of swine in Argentina, was developed by the *Rosario Board of Trade (BCR)*, which allows users to buy and/or sell swine with great ease. It started to operate in mid-July 2020, and a year has passed since that moment to the present.

At ROSPORC, the main segment traded is the hog and, in the operations made during the 33rd week of 2021, that is to say, between August 8 and 14, the average quote reached \$132.2/kg; this resulted in a 1.1% variation regarding the \$130.8/kg obtained during the previous week. However, the values have presented an increase of around \$8/kg during the last month, being the highest increase since October last year.



The **average quote** of ROSPORC operations presents a remarkable correlation to the hog maximum quote published by the Argentinian Ministry of Agriculture, Livestock and Fisheries (MAGyP, for its Spanish acronym). In that sense, the value published by MAGyP for week 32 (August 2 to 8) for general maximum live hog was \$ 133.2/kg, while on the ROSPORC platform the value for the same week was \$ 130.75/kg, resulting in a difference lower than 2% between both quotes.

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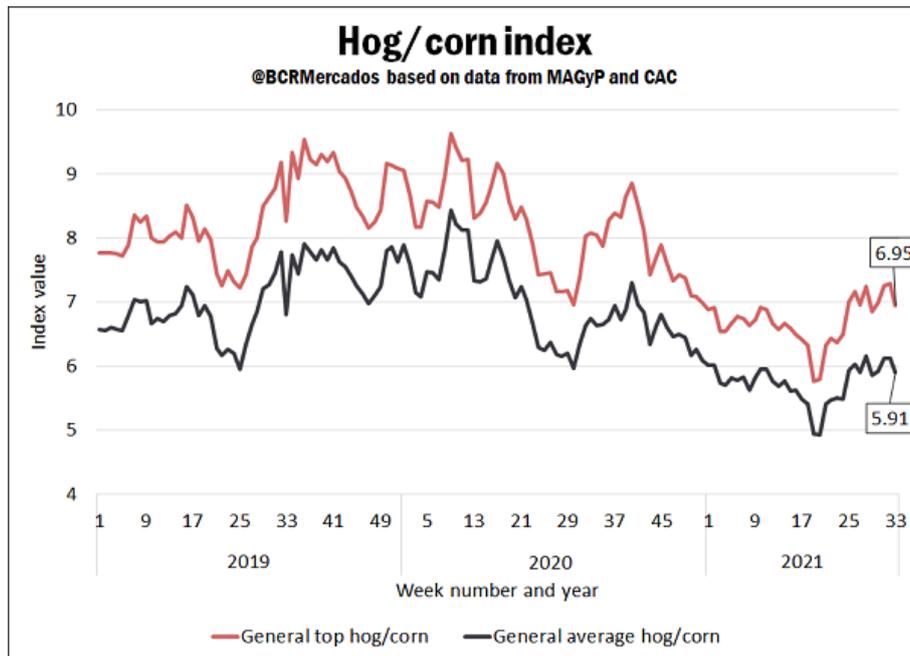


Main indexes of sector reference

Bearing in mind that, according to different analysis and studies made on the pork market, swine feed represents between 60 and 70% of the production costs, the prices of those inputs and their evolution are variables of the utmost importance for pig breeding. This way, due to the fact that these animals' diet is mainly based on corn and soybean by-products, we present the following indexes commonly used within the sector:

- Hog/corn index:** This indicator captures the relation between the price of the hog in the domestic market and the price of corn through time, and it results from dividing the price of hog by the kilogram of corn. In this way, it conveys how many kilograms of corn can be bought with the proceedings per kilogram of the sale of live hogs at a certain point in time. After the high volatility presented by this index since 2019, from 2020 on it showed a downward trend until week 19 of the current year. In this sense, there were reached minimum values since 2019 for the "**general maximum live hog/corn**" ratio, hitting a value of **5.76**, and later recovering ground after the fall of the price of the cereal, recording an index of **7.28** during week 32. In a similar way, the index formulated with the **general average price live hog** reached its minimum since 2019 during week 20 of 2021, hitting a value of **4.92**. From that point onwards, there has been a remarkable recovery of the mentioned index, reaching during week 28 a value of **6.15**, and achieving certain stability during the last few weeks on record.

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- **“5 kg of corn + 2 kg of soybean mix”:** In the sector, this indicator is frequently used in order to reach a more precise approximation to the relation between the value in pesos of a kilogram of live hog and the value of the mixed diet usually used for hog breeding (market value of 5 kg of corn and 2 kg of soybean). It is a market convention upon which we make no judgement, but simply calculate as an additional indicator for decision-making.

It assumes a reference of which should be the theoretical price that hog should have regarding the price of these two essential grains for animal feed: corn and soybean.

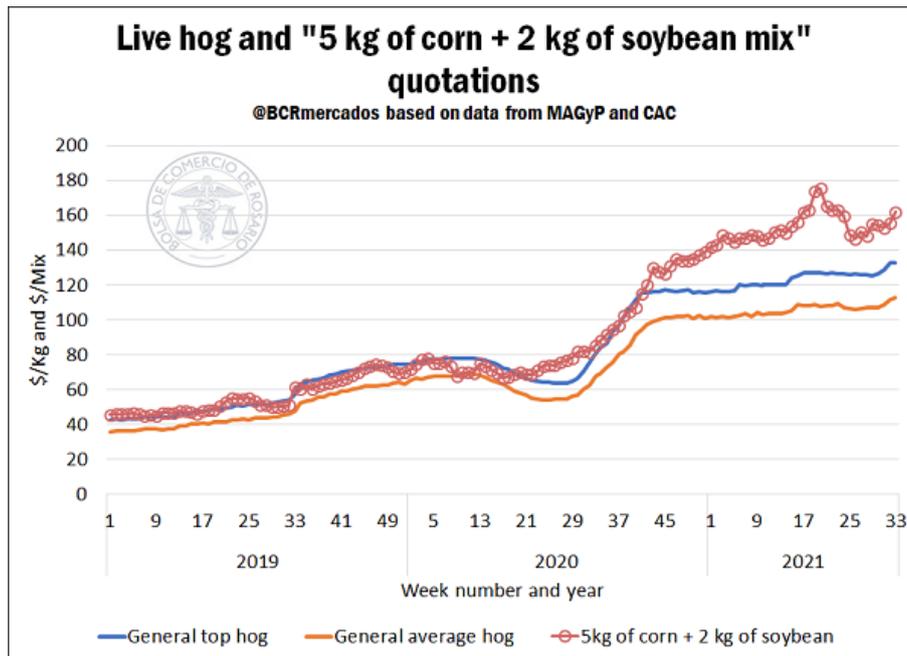
In the chart, three variables are compared:

- Price in pesos of “5 kg of corn + 2 kg of soybean mix”.
- Maximum price in pesos of live hog.
- Average price in pesos of live hog.

By analysing period 2019-2021, we can see a gap in the theoretical price (maximum or average) in relation to the mentioned “Mix”, particularly from the last months of 2020. During week 20 of 2021, the maximum value for the “Mix” was registered, with a value of \$ 175.6, with a subsequent drop of \$ 21.6 during the last 12 weeks, finally reaching \$156.

At present, the differential between the theoretical “Mix” and the value measured by MAGyP for general maximum live hog is approximately \$ 22.8 on week 32, which shows a possible theoretical delay in the prices per kilogram of live hogs, given the prices of soybean and corn. In spite of this, during the last few weeks there was a reduction of this difference, since on week 19 this gap was \$47/kg. On the other hand, the ratio obtained from the general maximum live hog price and the 5+2 Mix is 0.83. That is to say, the maximum live hog typified has a price 17% lower than what is marked by this indicator.

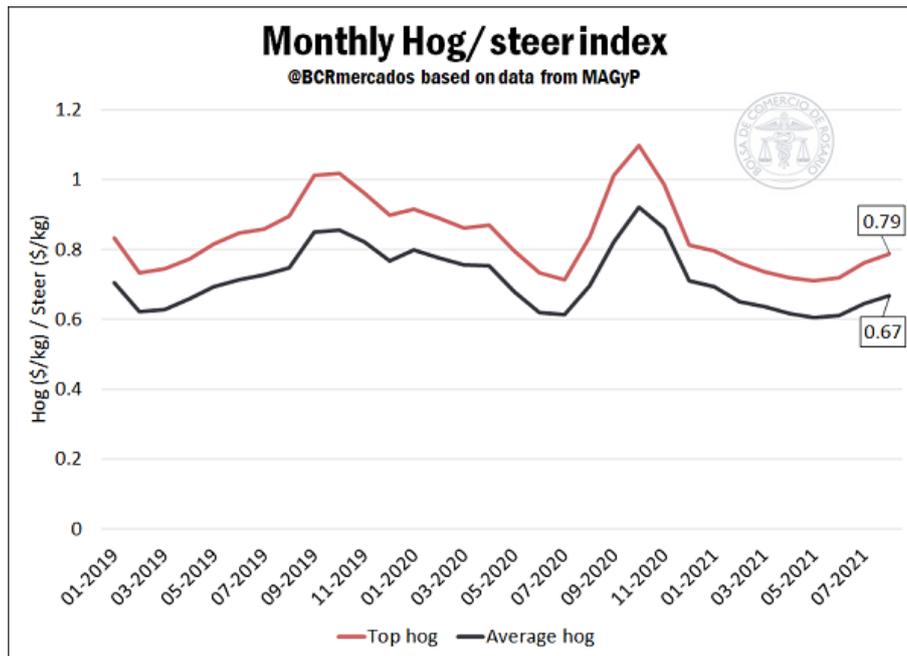
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- Hog/steer index:** Following a similar methodology to that of the hog/corn index, where the evolution of relative prices between the final product (hog) and its main input (corn) is reflected, in this case we analyse the performance showed since year 2019 by the live kilogram prices of beef and pork. They are two final foodstuff products, key exponents of the domestic meat trade. In this sense, hog prices per kilogram measured by MAGyP are used again, while for the value of steer we used the monthly quotes measured by Mercado de Liniers S.A. cattle market. For that purpose, we divided the value of live hog per kilogram by the value of steer (also, per kilogram), considering monthly average values in both cases. The index **shows how many kilograms of steer are needed to buy a kilogram of live hog in the markets.**

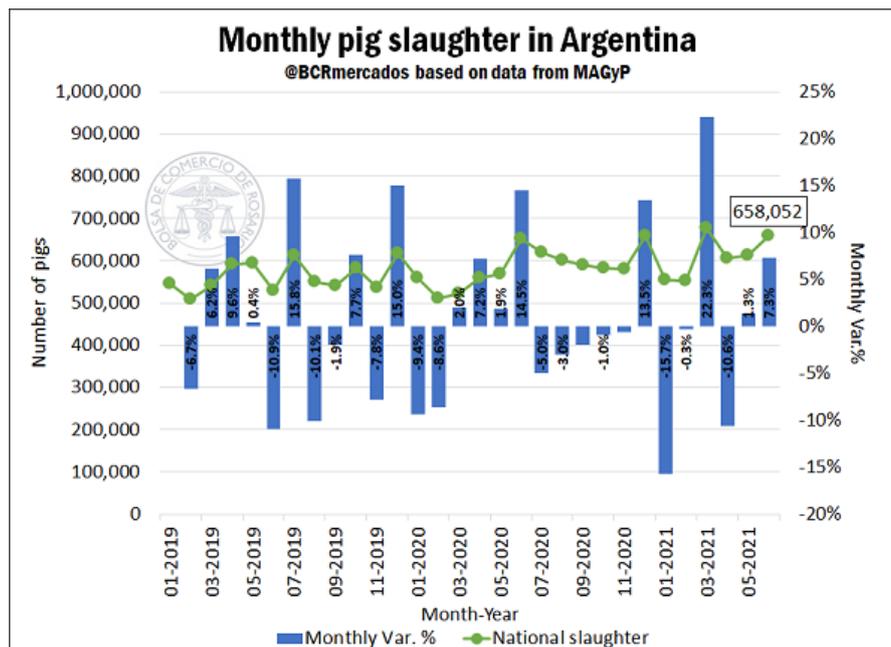
In the following graphic, it can be observed that the relationship between the prices of these two substitute products has been maintained (from year 2019 to the present) in a range going from 0.6 to the unit (although that value has been exceeded in 4 opportunities), with periods of relative increases of the hog on the second half of the years 2019 and 2020. Specifically, in October 2020 the maximum value of the series was recorded, reaching a value of **1.1** between the general maximum live hog and the steer. From that moment on, the index has presented minimum values in May 2021, showing a relative rise of pork cost vs beef, since in August values of **0.79** were registered for the **general maximum live hog/steer** ratio and of **0.66** for the **general average live hog/steer** ratio. **This recovery of the index is partially due to the measures taken by the National Government concerning the ban of beef exports.**

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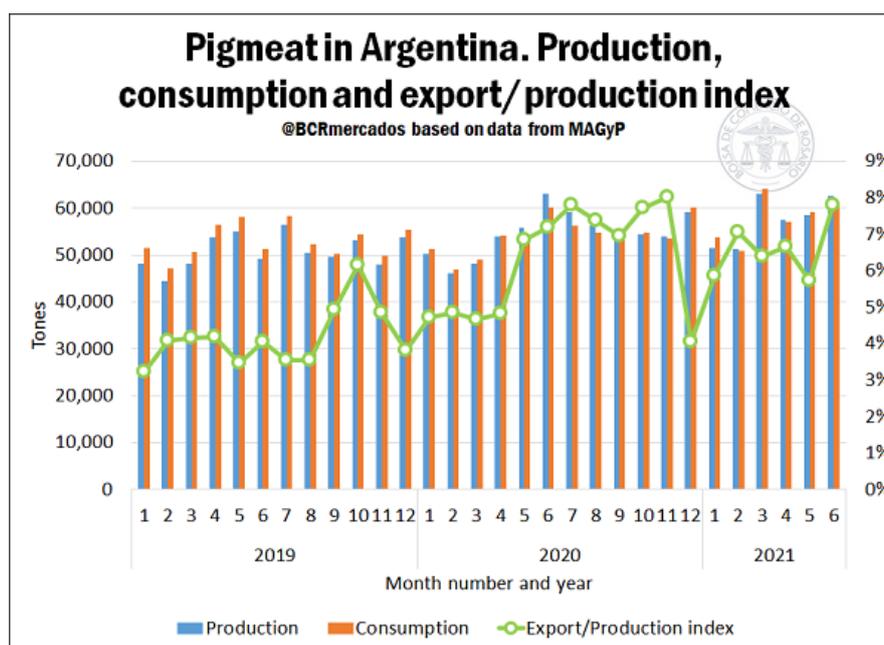
Activity indicators

- Slaughter** on a national level in the month of June 2021 reached 658,052 hogs, exceeding May's record of 613,099 by 7.3%. At the same time, the last monthly record exceeds the values obtained during the same month in 2020 by 1%, that is to say, approximately 5,500 hogs above the previous year for the period under analysis. For the first semester of 2021 swine slaughter was close to 3.7 million hogs, **300.000** above the same period in 2020 (with almost 3.4 million hogs). This situation that has been registered since the beginning of the year is evidence of the growth presented year after year by the domestic slaughter of swine, which will probably exceed the records of the pork sector in Argentina.



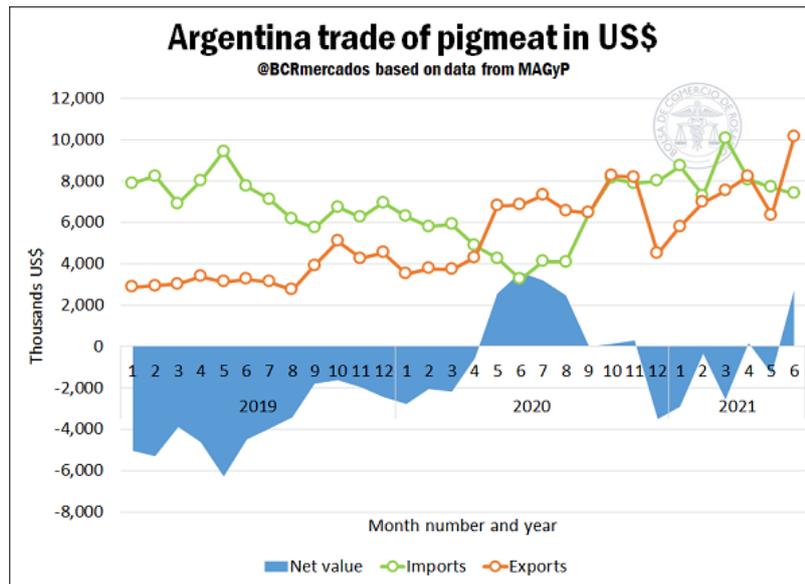
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- As for **production**, during the sixth month of the year there was a total of 62,606 tons (bone-in beef equivalent) of pork, which represents almost a 1% decrease year-on-year with 2020, while it represents a 7% increase from the previous month. Besides, pig production this year to date marks a historical record for the first semester of the year. That is to say, local production in 2021 is of 344,198 tons until the month June, exceeding by 8.5% the record marked on the previous year for the same period. On the other hand, the **consumption** in June was of 61,078 tons of pork meat, which represents a 3% increase in comparison to the previous month. On the same page with production, consumption shows a positive trend during the last few years, and 2021 shows a record for the first 6 months of the year, with a total of 346,000 tons destined to the domestic market, far above the 316,000 tons consumed domestically last year.

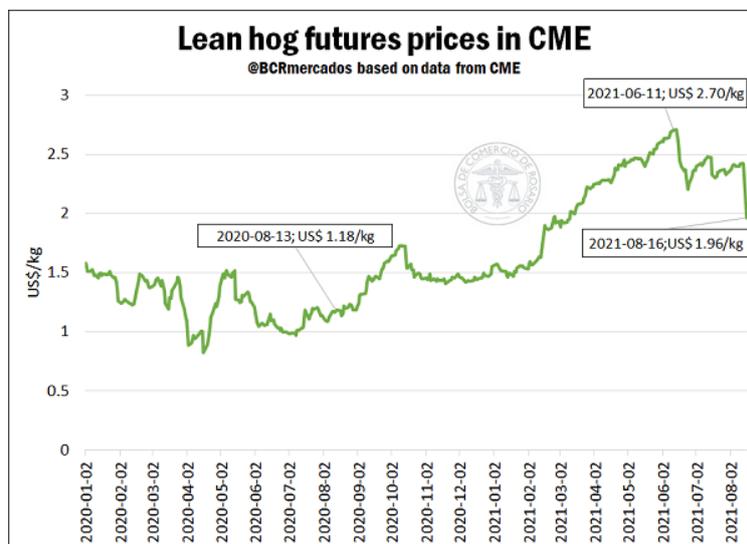


- Regarding pork exports, they represented 7.8% of the tonnage produced during the sixth month of the year, maintaining the rising trend that has been characterizing the last few years since, when compared to year 2015, its share was 1.7% of the exports over the total produced during that year, and in 2020 it reached averages of 6.25%. If we consider the months of January-June 2021, the share average was 6.59%, while in the previous year, this figure was 5.5%. This highlights the strengthening of Argentina's role as pork meat exporter and reaffirms the possibility of a rise of national exports on 2021.
- With regards to the **trade balance of the sector**, June registered the highest surplus measured in dollars since July 2020. The 4,888 exported tons for a FOB value of US\$ 10.1 million are above the CIF import value of US\$ 7.4 million disbursed for the purchase of 2,415 tons of pork products. This result represents a net balance of US\$ 2.7 million, thus returning the trading balance to positive values due to the trade with the rest of the world. The strengthening of pork meat exports allows to reverse part of the effects of the historically loss-making trade balance of the sector, and it improves the position of the country in the current year, rebounding from the US\$ 7 million of trading deficit that we had until May, to a lower negative result of US\$ 4,2 million.

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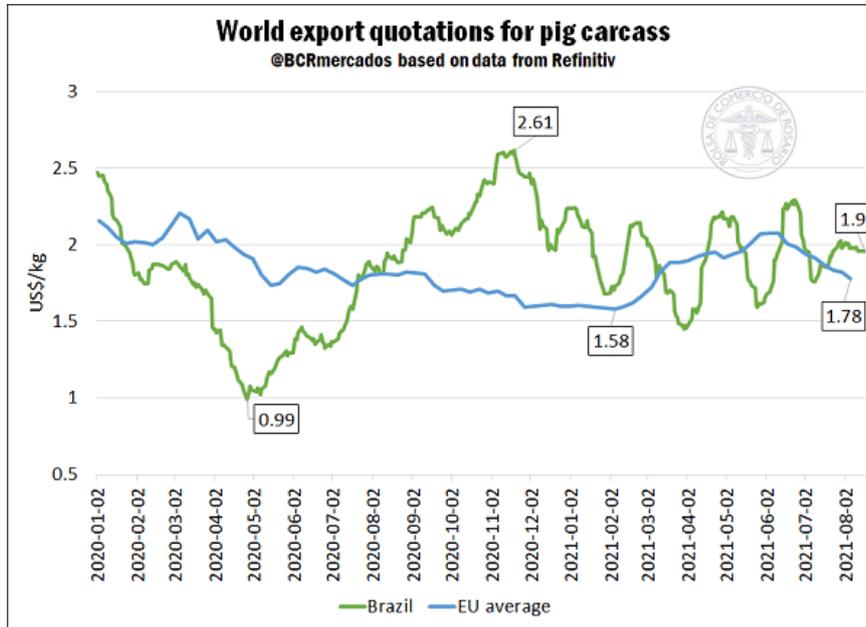
- Bearing in mind that the United States is one of the main producers and exporters of pork on international level, at the same time that their financial and futures system is world-reference in regards to commodity quotes, it is interesting to analyse the **lean hog futures operated on the Chicago Mercantile Exchange (CME)**. These have presented a huge increase in prices since mid-2020. From the minimum reached on April 16th, 2020, with US\$ 0.82/kg, there has been a 229.2% increase in the price of lean hog, reaching US\$ 2,70/kg on June 11th, 2021. From that point on, there has been a drop in the price of that product, reaching on August 16th of the current year US\$ 1.96/kg. In this sense, the current future quotes are 27.4% below the historical maximum quote for lean hog contracts in the United States. Despite this negative adjustment, the current value is 66% above the records of mid-August 2020.



- Considering other export values, it is worth mentioning the evolution of quotes in **Brazil and the European Union**. On the one hand, according to data by the Brazilian Centre for Advanced Studies on Applied Economics (CEPEA, for its Portuguese acronym), the neighbouring country showed similar values to the North American futures in the last few weeks due to the strong demand, taking the pork carcass to US\$ 1.96/kg. This record is in line with the values presented months ago. On the other hand, according to the **Directorate-General for Agriculture and Rural Development**, the export price average of pork carcasses in Europe reached values close

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to the ones of August last year, with a value of US\$ 1.78/kg on August 6th, 2021 and US\$ 1.8/kg on August 7th, 2020.



- Back to local level, **Santa Fe** province reached in June a slaughter of 121,955 swine, a record that is above the 114,912 hogs slaughtered May. This represents a 6.1% rise from the previous month and a year-on-year increase of 5.1%. Also, the province share in the domestic slaughter decreased again during the June, reaching the lowest monthly figure of the year with 18.5% of hogs.

