

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



Executive Summary

Grain Market

- By October, all the months of 2021 register exports of the main products of the agribusiness sector with record levels compared to the same month of previous years. Also, in August, the highest value in history was scored. On the other hand, export forecasts for 2022 reach US\$ 35,966 million, US\$ 1,002 million below 2021.
- 84% of the soybean production of the current crop is already priced, widely exceeding the volume priced in previous years by this moment of the crop season.
- New crop wheat exports reach a record for this moment of the year, while corn exports are the second highest in history.
- There have been changes in the balance sheets of the three main crops.

Livestock Market

- ROSPORC: The hog/corn index recovers, reaching values similar to those at the end of 2019.
- Pig slaughter reached lowest since February this year.
- In 2021, Argentine beef consumption is already the lowest on record, while poultry consumption continues to grow, replacing the former.

Panel of Commodities and Financial Variables

Report by the Department of Information and Economic Studies of Rosario Board of Trade (BCR)

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GRAIN MARKET

Exports

Export forecast of the main agribusiness products

The export forecast of the main agribusiness products for 2022 reaches US\$ 35,966 million, US\$ 510 million above October forecast, but US\$ 1,002 million below the current year. Seasonally, the highest value of exports is forecast to be reached in May, when shipments abroad for US \$ 3,799 million are expected. This is mainly due to the forecast overseas shipments of grain corn when early corn is harvested, and of soy complex products as the oilseed harvest is more advanced. Likewise, a high value of exports is also forecast for the month of July (US\$ 3,770), when late corn begins to enter.

For 2021, the new export estimate of the main agribusiness products stands at US\$ 36,968 million (US\$ 317 million above the August estimate due to an improvement in the FOB prices of wheat and corn).

On the other hand, an element to be highlighted is that, based on the shipments in **October** and the average FOB prices for that month, **the exports of the main products of the sector are forecast in US\$ 2,939 million, an all-time high for that month.** Therefore, **during the first 10 months of the year, monthly exports of the main products of the sector systematically reached a record for the same month in previous years.** It should also be noted that August was the month in which the value of exports of these products reached its highest value in history for any month, registering exports for US\$ 3,897 million.

Argentina´s Monthly Exports Of Main Agro-Industrial Products

million US\$

Mes	2016	2017	2018	2019	2020	2021		2022		2020 vs. 2021	
						October Estimate	November Estimate	October Estimate	November Estimate	Var. USD	Var. %
January ¹	1.793	1.923	1.947	2.086	2.119	2.562	2.562	3.241	3.180	618	24%
February ¹	1.891	1.523	1.610	1.629	1.541	2.210	2.210	2.465	2.384	174	8%
March ¹	1.953	2.019	2.130	2.074	1.890	2.813	2.813	2.916	2.889	77	3%
April ¹	2.130	2.380	2.100	2.306	2.330	3.561	3.561	3.348	3.383	-178	-5%
May ¹	2.847	2.670	2.213	2.977	2.829	3.598	3.598	3.727	3.799	201	6%
June ¹	2.769	2.315	1.991	2.171	2.545	3.709	3.709	3.326	3.414	-295	-8%
July ¹	2.426	2.367	1.931	2.702	2.417	3.826	3.826	3.667	3.770	-56	-1%
August ¹	2.868	2.337	1.857	2.254	2.203	3.897	3.897	2.979	3.071	-826	-21%
September ¹	2.083	2.058	1.681	2.473	1.877	3.562	3.606	2.938	3.020	-586	-16%
October ²	1.983	1.978	1.829	2.348	1.781	2.478	2.939	2.596	2.714	-225	-8%
November ³	1.934	1.677	1.785	2.207	1.650	2.256	2.150	2.205	2.252	102	5%
Dicember ³	1.843	1.626	2.120	2.016	798	2.179	2.099	2.049	2.091	-8	0%
Total Exports	26.521	24.872	23.194	27.244	23.981	36.650	36.968	35.456	35.966	-1.002	-3%

* trigo, maíz, soja, cebada, girasol, harina/pellets de soja, harina pellets de girasol, harina de trigo, malta, aceite de soja y aceite de girasol.

¹ INDEC official data.

² Estimated based on shipments and avg. FOB prices.

³ Projected based on own estimates.

In the following chart, exports are detailed per selected product per year. It includes forecast export data from the report Rosario Board of Trade (BCR) Market Outlook – October 2021 and the new forecasts regarding exports of grain and by-products per complex.

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Main Exports of the Agricultural Sector.

Million US\$

	2019	2020	2021		2022		Var. USD 2022 vs 2021
			October Estimate	November Estimate	October Estimate	November Estimate	
Soybean, Oilseed	3.440	2.317	2.865	2.869	3.218	3.284	415
Soybean Meal	9.045	7.754	11.435	11.570	9.072	9.155	- 2.415
Soybean Oil	3.493	3.788	7.047	6.977	6.901	6.870	- 107
Biodiesel	775	442	1.080	1.066	1.395	1.379	313
Corn	5.925	6.023	8.509	8.710	8.554	8.819	109
Wheat	2.450	2.114	3.187	3.226	3.830	3.915	688
Wheat Flour	215	194	170	180	172	183	3
Sunflower Seed	70	96	115	117	80	83	- 33
Sunflower Meal	165	98	174	181	183	184	3
Sunflower Oil	686	444	983	964	989	1.004	40
Malting Barley	329	281	355	358	329	331	- 27
Feed Barley	370	219	468	485	476	494	9
Malt	284	211	263	265	255	266	1
Total Exports	27.244	23.981	35.111	36.968	35.456	35.966	- 1.002
Soybean Imports	1.604	1.978	2.352	2.393	2.486	2.464	71
Net Exports	25.641	22.003	32.773	34.575	32.970	33.502	- 1.072

Source: INDEC and own estimates. @BCRmercados

Disaggregating by product, for year 2021 an increase in the value of exports of soybean meal/pellets is forecast in comparison to the October estimate. This is due to a higher tonnage forecast to be exported, mainly of soybean by-products. Also, an increase in the value of corn exports is forecast due to an improvement in the FOB prices received for the cereal. This increase overcompensates the forecast drop for soybean oil, sunflower oil and biodiesel.

In this way, the exports of soybean complex for the current year are forecast at US\$ 22,481 million, the corn complex at US\$ 8,710 million, and the wheat complex would contribute US\$ 3,406 million. The sunflower complex and the barley complex would generate shipments for US\$ 1,262 and US\$ 1,108 million, respectively.

2020 forecasts present a similar outlook. The higher FOB prices forecast for corn, wheat and soybean leave as a result an increase in the value of exports of these products compared to the October forecast. In the case of soybean meal/pellets, an increase in the tons forecast to be exported overcompensates the lower FOB prices received for this by-product.

Thus, the soybean complex would generate exports for US\$ 20,687 million in 2022, US\$ 1,794 million less than the forecast value to be reached in the current year, as a result of lower FOB prices forecast for next year compared to those received in 2021. The corn complex would contribute US\$ 8,819 million, slightly above (US\$ 109 million) the figure for 2021. In the case of the yellow grains, the higher tonnage forecast to be exported overcompensates the lower FOB prices forecast for next year. The wheat complex would reach shipments for US\$ 4,097 million, US\$ 692 million more than in 2021, as a result of both a higher exportable balance and an increase in the forecast FOB prices. Finally, the sunflower and barley complexes would reach exports for US\$ 1,272 and US\$ 1,090 million respectively, virtually identical figures to the ones reached in the current year.

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Productive and Trade Balance

Soybean, Corn and Wheat Trading Indicators - Current Crop Season

- Soybean:** seven months into the current crop season 2020/21, the export sector has purchased 8 Mt of grain, while it has exported a total of 5.3 Mt, below the volume committed by the same date on the previous year and the average of the last five years. Actual exports to date total 5.3 Mt. Industry-wise, purchases of the sector reach 25.6 Mt, also below the volume purchased by the same date last year as well as the average of the last five crop seasons. However, the high rate of industrialization of the oilseed stands out, which until September had processed 23.7 Mt, exceeding by more than 2 Mt the volume industrialized in the previous crop season by the same date, as well as the average of the last five crops.

In this way, 33.6 Mt of soybean 2020/21 have already been traded. Considering that 8 Mt are forecast to be destined as seed and for animal consumption, there are still available for purchase 3.4 Mt of the 45 Mt obtained during the crop season, which equals to 7% of the production, a considerably lower ratio to the one recorded by the same date last year, and to the average of the last five crop seasons. In addition, another element that stands out is the low volume of production that still needs to be priced compared to previous years. Considering the grain still to be traded and the traded grain still to be quoted, 7.1 Mt of beans are still unquoted, equivalent to 16% of production, while by this moment last year 30% of the total grain obtained still remained unquoted. Thus, it can be inferred that the good prices of the oilseed in the current crop season have encouraged producers to set a higher volume than in previous years.


- Corn:** three-quarters into the 2020/21 business cycle, 44.1 Mt of the cereal have already been traded, a record for the time of year. The export sector has purchased 40.2 Mt, widely exceeding the volume of purchases by the same time in previous crops. In addition, it has registered export commitments for 38.3 Mt, also a record. Of this total, 33.1 Mt have already been shipped, above the volume shipped by the same time last year and the average of the last five years. Industry-wise, the sector has purchased 3.9 Mt of grain, thus showing a lower volume of purchases than in previous years. In spite of this, the industrialization rate remains above what happened in previous years, with a total of 2.1 Mt of processed grains.

On the other hand, the total grain traded during the current crop exceeds the production obtained minus what was estimated for use in farm as seed and animal production, so a fall in the final stocks of the cereal is forecast.

- Wheat:** one month before the end of the 2020/21 wheat crop season, total purchases amount to 17 Mt. The export sector has purchased 12.8 Mt, below what it had bought by this point in the previous crop. Also, the sector has sold 10.6 Mt of cereal abroad, of which 10 Mt have already been shipped. The industry has purchased 4.2 Mt of grain, while it has industrialized 4.9 Mt of cereal, which suggests that part of the industrialized grain was stock that was in its possession. The rate of wheat milling is slightly below the one registered in the previous crop, but identical to the average of the last five crops.

Bearing in mind that 1 Mt would be destined for use as seed and for animal consumption, a volume of grain greater than that available in the current crop has already been traded, so the stock at the end of the crop is expected to fall in relation to the previous crop season.

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 Trading indicators. Million Metric Tons											
By Nov- 3rd each year		SOYBEANS			CORN			WHEAT			
Week nr.	45	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)	9,8	6,0	5,1	7,0	6,3	5,4	2,5	2,0	2,2
		Production * (2)	45,0	50,7	51,0	52,0	51,5	37,0	17,0	19,5	18,2
		Imports (3)	5,0	4,9	4,0	-	-	-	-	-	-
		TOTAL SUPPLY (4 = 1 + 2 + 3)	59,7	61,7	60,1	59,0	57,8	42,3	19,5	21,5	20,5
	DEMAND	Exporting Sector Purchases ** (5)	8,0	7,8	9,5	40,2	36,0	26,7	12,8	15,5	12,1
		Export Sales **	5,3	1,3	7,1	38,3	34,1	26,9	10,6	12,3	11,0
		<i>Exports-to-date</i>	5,3	6,6	6,9	33,1	32,5	24,8	10,0	11,9	11,3
		<i>MY Total Exports (Est.)</i>	5,5	6,6	7,4	38,5	36,2	25,3	10,8	11,9	11,7
		<i>Needs to acquire</i>	-2,5	-1,3	-2,1	-1,7	0,3	-1,4	-2,0	-3,6	-0,4
		Industrial Sector Purchases	25,6	26,9	28,2	3,9	4,2	4,4	4,2	4,7	4,5
		<i>Industrialized-to-date</i>	23,7	21,5	22,4	2,1	1,9	2,0	4,9	5,2	4,9
		<i>MY Total Industrial Use (Est.)</i>	39,5	37,8	39,9	3,7	3,3	3,5	5,7	6,2	5,9
		<i>Needs to acquire</i>	13,9	10,9	11,7	-0,2	-0,9	-0,9	1,4	1,4	1,4
		Feed, Seed and Residual Use	8,0	7,5	6,5	12,2	11,1	8,1	1,0	0,9	0,9
	Deferred pricing contracts (Expo+Ind) (7)	11%	19%	16%	10%	9%	8%	6%	5%	3%	
	STOCKS	Available stocks*** (7 = 2 - 5 - 6)	3,4	8,5	6,7	-4,2	0,2	-2,1	-1,0	-1,7	0,7
		<i>% of output</i>	7%	17%	13%	-8%	0%	-6%	-6%	-8%	4%
		Volume still not priced	7,1	15,2	12,9	0,2	3,7	0,3	0,0	-0,7	1,2
		<i>% of output</i>	16%	30%	25%	0%	7%	1%	0%	-3%	7%

**Source: Rosario Board of Trade*
*** Source: Ministerio de Agricultura, Ganadería y Pesca. (MAGyP)*
(3) For current Marketing Year, it includes shipments up to Oct-12th, as reported by NABSA. For previous years, total monthly exports are included.
****Excludes beginning stocks. In the case of soybeans, it also excludes imports.*
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

- Soybean:** the domestic trade of soybean 2021/22 keeps a lower pace with regards to what happened in previous years. The export sector has bought 400,000 t of bean, both below the purchase volume of the previous crop season to this date and the average of the last five crop seasons. Industry purchases are also below the volume acquired not only in the previous crop season, but also below the average of the last five crops by the same moment of the year. This sector has purchased 2.5 Mt. As for exports, there are still no operations on record, just as last year.

Considering that the forecast production for the new crop rises to 49 Mt and that the use destined to seed and animal consumption totals 8 Mt, 38.1 Mt are available for purchase, which equals to 78% of the forecast production. Also, considering that 69% of the volume already traded still needs to be quoted, 82% of the forecast production for the new crop has not been priced.

- Corn:** the export sector has acquired 9,7 Mt of grain 2021/22. After having slowed down its purchases last month, it has accelerated its buying rate lately (1.8 Mt between October 6th and November 3rd), thus exhibiting the highest level of advance purchases in history. In addition, this also occurs with foreign sales of the cereal. 10.9 Mt have already been committed for export, above the volume recorded by the same time last year and the average of the last five years. As for the industry, purchases of the sector amount to 100,000 t, identical to the volume acquired in advance in previous years.


Considering that the total production for the new crop is forecast in 57.1 Mt, and that the volume destined as seed and for animal consumption rises to 12.3 Mt, there are still available for purchase 35.1 Mt, which equals to 62% of the forecast production. Also, 40% of what has already been traded is still unquoted, above the volume

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of last year and of the last five years.

- Wheat:** domestic trade of wheat 2021/22 shows an uneven outlook between the export and the milling sectors. Exports-wise, purchases of the sector reach 9.6 Mt, a record for this moment of the year. In addition, in the last month it has exhibited strong dynamism, with purchases of 1.9 Mt between October 6th and November 3rd. The milling sector, in the meantime, has made almost no purchases of new crop wheat, thus remaining behind the business pace of previous years. This situation is identical to that of wheat in the current crop, as discussed above. Last, the total of wheat declared for export reaches 9.1 Mt, doubling the sales of new wheat by the same date during the previous crop.

Finally, considering that the production of the current crop is forecast at 20.4 Mt, and that 0.9 Mt will be destined as seed and for animal consumption, only 9.6 Mt are available for sale, equivalent to 47% of the production. Another aspect to highlight is that 41% of the production has already been priced, exceeding the volume of last year and that of the last five years.

 Trading indicators - New Crop. Million Metric Tons											
By Nov- 3rd each year			SOYBEANS			CORN			WHEAT		
Week nr.	45		2021/22	2020/21	5-Year Avg.	2021/22	2020/21	5-Year Avg.	2021/22	2020/21	5-Year Avg.
COMPARISON BETWEEN MARKETING YEARS	SUPPLY	Beginning Stocks * (1)	6,8	9,8	6,3	4,5	7,0	5,7	2,1	2,5	2,2
		Production * (2)	49,0	45,0	48,9	57,1	52,0	45,6	20,4	17,0	18,2
		Imports (3)	5,0	5,0	4,7	-	-	-	-	-	-
		TOTAL SUPPLY (4 = 1 + 2 + 3)	60,7	59,7	59,9	61,6	59,0	51,4	22,5	19,5	20,5
	DEMAND	Exporting Sector Purchases ** (5)	0,4	0,8	1,6	9,7	9,4	7,0	9,6	5,5	5,5
		Export Sales **	0,0	0,0	0,6	10,9	7,1	4,8	9,1	4,4	4,0
		<i>MY Total Exports (Est.)</i>	7,3	5,5	6,7	39,0	38,5	32,1	13,0	10,8	11,7
		<i>Needs to acquire</i>	7,0	4,7	5,1	29,3	29,1	25,1	3,4	5,3	6,2
		Industrial Sector Purchases	2,5	2,9	3,1	0,1	0,1	0,1	0,2	0,3	0,3
		<i>MY Total Industrial Use (Est.)</i>	38,5	39,5	39,2	3,6	3,7	3,6	6,0	5,7	5,9
		<i>Needs to acquire</i>	36,0	36,6	36,1	3,5	3,5	3,4	5,8	5,4	5,6
		Feed, Seed and Residual Use	8,0	8,0	7,0	12,3	12,2	9,7	0,9	1,0	0,9
	Deferred pricing contracts (Expo+Ind) (7)	69%	56%	49%	40%	26%	33%	24%	21%	18%	
	STOCKS	Available stocks*** (7 = 2 - 5 - 6)	38,1	33,3	37,2	35,1	30,4	28,8	9,6	10,2	11,6
		<i>% of output</i>	78%	74%	76%	62%	58%	63%	47%	60%	63%
		Volume still not priced	40,1	35,4	39,5	39,0	32,9	31,1	12,0	11,5	12,6
		<i>% of output</i>	82%	79%	81%	68%	63%	68%	59%	67%	69%

*Source: Rosario Board of Trade
 ** Source: Ministerio de Agricultura, Ganadería y Pesca. (MAGyP)
 ***Excludes beginning stocks. In the case of soybeans, it also excludes imports.
 Source: Economic Studies Dept.- Rosario Board of Trade, based on information provided by MAGyP and own estimates.

Supply and demand balance forecast of Soybean, Corn and Wheat.

- Soybean:** the balance sheet of soybean 2020/21 shows modifications with regards to the supply of the oilseed. The use as seed and animal feed from previous years was re-estimated, thus affecting the final stock of the previous crops. The new forecast of initial stock for the current crop season is 9,8 Mt (-1,6 Mt), which is why the total supply falls to 59,7 Mt. Regarding the use of the oilseed, a 1.5 Mt increase in industrialized grain is forecast, reaching 39.5 Mt, as a result of the high rate of industrialization shown and the high external demand for by-products, particularly for soybean oil. Likewise, the use as seed, animal feed and others increased up to 8 Mt (+ 500,000 t). Since the exports remain unchanged, total demand grows by 2 Mt to 53 Mt. Given this perspective of lower supply and higher consumption, stocks fall to 6.8 Mt.

Soybean 2021/22 thus presents lower initial stocks. Since the forecast production remains at 49 Mt, the total

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supply falls to 60.7 Mt. The forecast for exports and industrial use remains unchanged compared to October, but the use as seed and animal feed increases by 500,000 t to 8 Mt. Thus, given the lower supply versus the higher demand, final stocks fall to 7 Mt (-4.1 Mt).

- Corn:** the 2020/21 corn balance sheet has modifications. The use as forage for animal consumption, the use as seed and the residual from previous crops were re-estimated, so that the initial stocks for the current crop are forecast in 7 Mt (+200,000 t). In addition, for the current crop an increase in use as forage, seed and residual is expected up to 12.4 Mt. Since no other modifications were made, final stocks for crop season 2020/21 grow to 4.5 Mt.

Regarding the 2021/22 crop of corn, the total supply grows to 61.6 Mt as a result of higher initial stocks and an increase in the estimated production due to higher yields than forecast. With regards to demand, an increase in industrial use is forecast to 3.6 Mt (+200,000) and in its use as forage, seed and residual up to 12.5 Mt (+200,000 t). Since the increase in supply is greater than that of demand, final stocks grow to 6.6 Mt.

- Wheat:** the wheat balance sheet 2020/21 is kept unchanged from last month's. As for wheat 22/21, the balance sheet shows adjustments both in supply as in demand. Production falls by 300,000 to 20.4 Mt, as a result of a drop in yields due to the high temperatures at the end of October that affected the crops. Regarding the use of the cereal, a lower industrial use is forecast, as well as a lower use as seed, so that the domestic consumption falls by 100,000 t to 7 Mt. Since the exports remain unchanged, total demand also falls by 100,000 Mt to 20 Mt. With a drop in production that exceeds the cut in demand, final stocks for the 2021/22 crop season fall to 2.5 Mt. However, they are forecast to grow by 400,000 t compared to the previous season.

Supply and Demand Estimates															
By November 12 th, 2021															
		Wheat				Corn				Soybeans					
		5-Year Avg.	2019/20	2020/21 e	2021/22 p	5-Year Avg.	2019/20	2020/21 e	2021/22 p	5-Year Avg.	2019/20	2020/21 e	2021/22 p		
SUPPLY	Planted Area	Mha	5,6	6,8	6,5	6,9	5,7	7,3	7,4	7,9	17,2	18,3	16,9	16,2	
	Harvested Area	Mha	5,4	6,5	6,0	6,6	4,8	6,3	6,4	6,9	16,6	17,4	16,2	15,9	
	Area Lost	Mha	0,2	0,3	0,6	0,3	1,0	1,0	1,0	1,0	0,6	0,9	0,7	0,3	
	Yield	t/ha	3,1	3,0	2,9	3,1	7,7	8,2	8,2	8,3	3,1	2,9	2,8	3,1	
	BEGINNING STOCKS	Mt	3,2	2,0	2,5	2,1	5,4	6,3	7,0	4,5	6,0	5,1	9,8	6,8	
	IMPORTS	Mt									4,9	4,0	5,0	5,0	
	PRODUCTION	Mt	17,1	19,5	17,0	20,4	37,0	51,5	52,0	57,1	50,7	51,0	45,0	49,0	
	TOTAL SUPPLY	Mt	20,3	21,5	19,5	22,5	42,3	57,8	59,0	61,6	61,7	60,1	59,7	60,7	
	DEMAND	DOMESTIC CONSUMPTION	Mt	6,8	7,1	6,6	7,0	11,6	14,6	16,0	16,0	45,3	46,4	47,5	46,5
		Industrial Use	Mt	5,9	6,2	5,7	6,0	3,5	3,3	3,7	3,6	-	-	-	-
Seed and other uses		Mt	0,8	0,9	1,0	0,9	-	-	-	-	-	-	-	-	
Feed, Seed and Residual Use		Mt	-	-	-	-	8,3	11,3	12,4	12,5	-	-	-	-	
Crushings		Mt	-	-	-	-	-	-	-	-	37,8	39,9	39,5	38,5	
Feed, Seed and Residual Use		Mt	-	-	-	-	-	-	-	-	7,5	6,5	8,0	8,0	
EXPORTS		Mt	11,3	11,9	10,8	13,0	25,3	36,0	38,5	39,0	6,6	7,4	5,5	7,3	
TOTAL DEMAND		Mt	18,0	19,0	17,4	20,0	36,9	50,6	54,5	55,0	51,9	53,8	53,0	53,8	
ENDING STOCKS	Mt	2,3	2,5	2,1	2,5	5,5	7,2	4,5	6,6	9,8	6,3	6,8	7,0		
STOCKS/USE RATIO	(%)	13%	13%	12%	12%	15%	14%	8%	12%	19%	12%	13%	13%		

Source: Economic Studies Department - Rosario Board of Trade

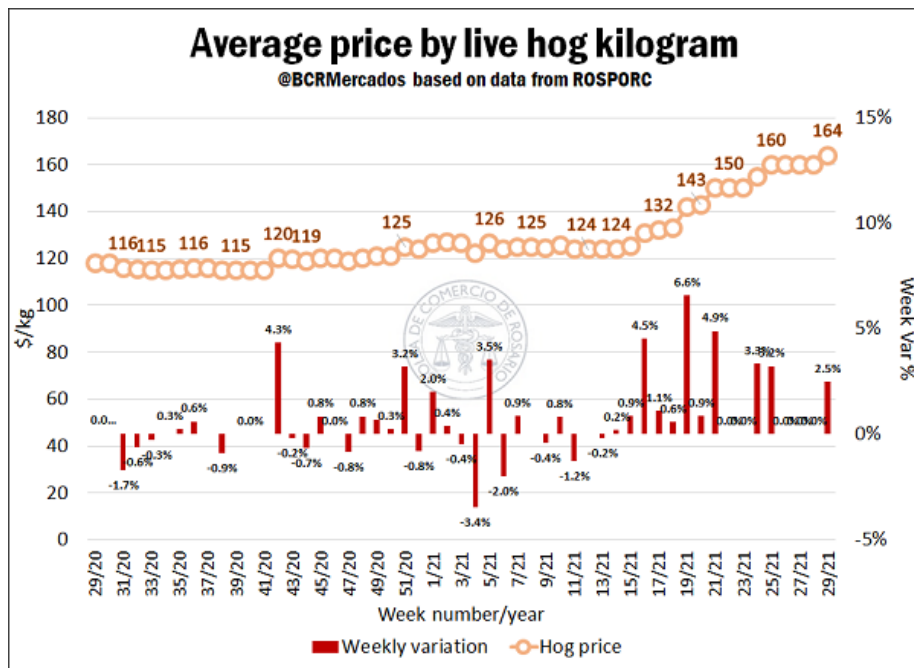
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PIGMARKET

ROSPORC

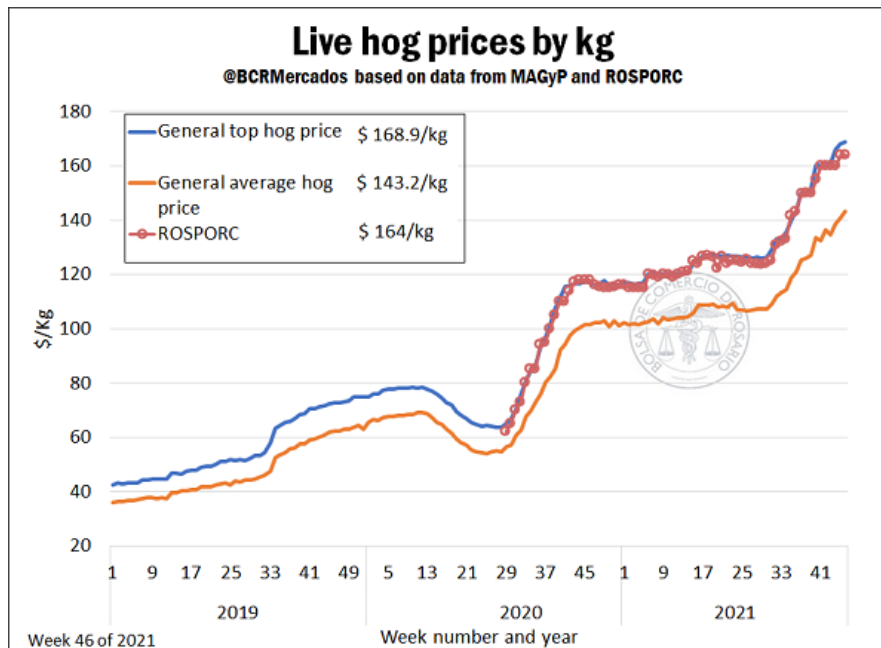
ROSPORC, the first electronic trading platform of swine in Argentina, was developed by the *Rosario Board of Trade (BCR)*, which allows users to buy and/or sell swine with great ease. It started to operate in mid August 2020, and a year has passed since that moment to the present.

At ROSPORC, the main segment traded is the hog and, for delivery on the 45th week of 2021, that is to say, between October 31st and November 6th, the average quote reached a value of \$ 164/kg, which results in a 2.4% increase week-on-week. At the same time, there was a 2.4% rise from last month, since on week 41 the average quote was \$ 160/kg. Additionally, versus the same week of 2020, there is a 39% increase, since at that time the value per kg of live hog was \$ 118/kg.



The **average quote** of ROSPORC operations presents a high 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 45 (November 1st to 7th) for general maximum live hog was \$ 168/kg, while on the ROSPORC platform the value for the same week was \$ 164/kg.

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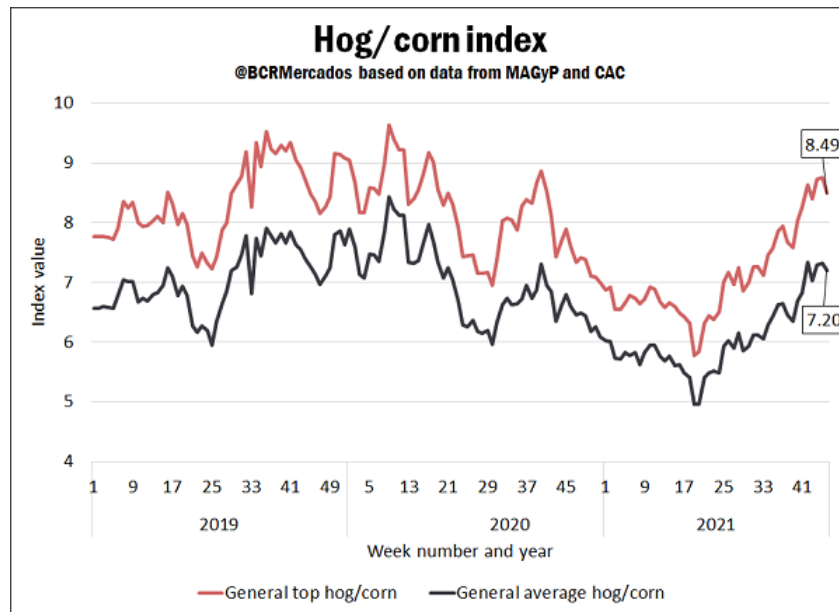


Input/product index

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. With the knowledge that pigs' diet is mainly based on corn and soybean by-products, we elaborated the following indexes commonly used within the sector:

- Hog/corn index:** this indicator shows the relation between the relative price of corn and the prices of hog in the domestic market through time. It results from dividing the price of hog by the kilogram of corn, conveying in this way **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 between 2019 and mid-2020, a trend started where this ratio decreased until on week 19 of 2021 minimum values in at least 2 years were reached for the ratio **general maximum live hog/corn**, hitting a value of **5.77**, and later regaining ground after the decrease in the quotes of the cereal, registering an index of **8.75** on week 45, which represents an increase of 51.6% in these 6 months and a half. In a similar way, the formulated index with the **general average price live hog** during week 20 of 2021 got the lowest record since 2019, getting to a value of **4.96**. From that point onwards, there has been a remarkable recovery, hitting during week 45 a ratio value of **7.33**, and resulting in a 47.8% increase.

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- **“5 kg of corn + 2 kg of soybean mix”**: in the sector, this indicator is frequently used under the idea that the value in pesos of a kilogram of live hog should equal the sum of the market value of 5 kg of corn and 2 kg of soybean. It is a market convention upon which we make no judgement. We simply calculate it 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.

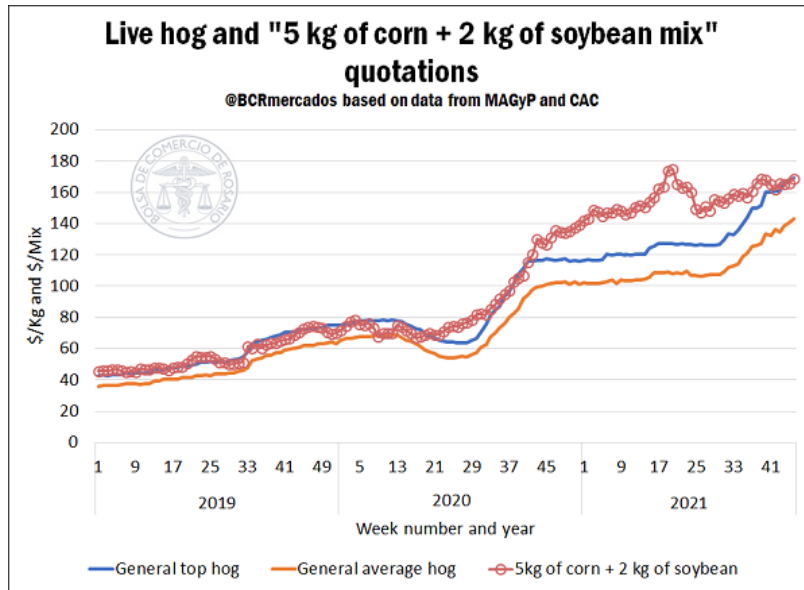
In the chart, three variables are compared:

- 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 the period 2019-2021, the historical development shows a gap in the theoretical price (maximum or average) in relation to the mentioned “Mix”, particularly from the last months of 2020. The maximum value of the “Mix” was on week 20 of 2021 (\$ 175.6), and later it set on a value of \$ 165.8.

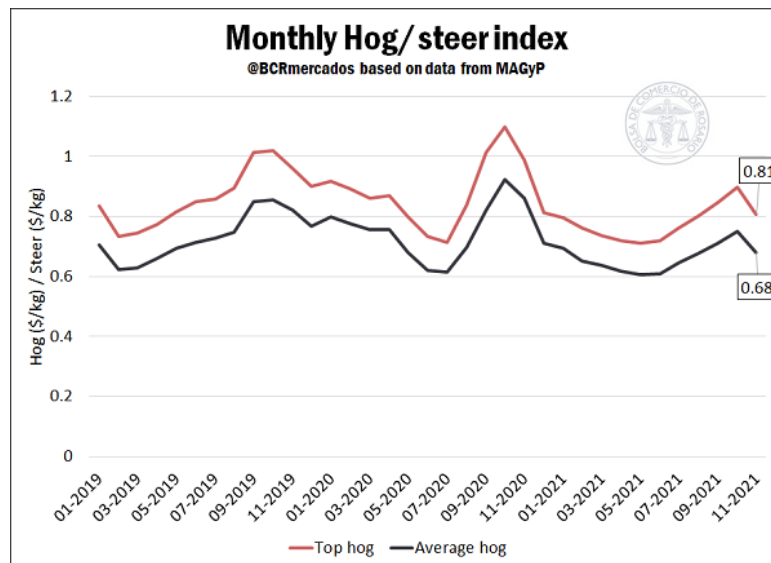
At present, the differential between the theoretical “Mix” and the value measured by MAGyP for general maximum live hog is only \$ 3.2 for this last week, which shows a new approximation between both quotes, reducing the gap that was present between the prices per kilogram of live hogs and the evolution of the prices of soybean and corn. It should be remembered that the maximum gap was on week 20 (\$ 47/kg), which is why (interpreting this reduction in the differential) it could be stated that the productive outlook has tended to improve in the last few months. Also, the ratio obtained from the general maximum live hog price and the 5+2 Mix is 1.01. That is to say, the maximum live hog typified has a price only 1% higher 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 is reflected, in this case we analysed the performance of quotes of live kilogram of beef and pork since 2019, represented by their highest exponents regarding domestic trade. In this sense, hog prices surveyed by MAGyP are used again, while for the value of steer we used the monthly quotes surveyed by Mercado de Liniers S.A. cattle market. Again, the value of live hog is divided by the value of steer, taking into account the monthly average values in both cases, representing **how many kilograms of live steer are needed to buy a kilogram of live hog in the markets.**

This ratio usually ranges from 0.6 to 1. In the last few months, government measures that reduced the value of steer indirectly generated a rise in this ratio. In this sense, pork showed a relative increase in its prices. However, it is evident than during last week this value fell, resulting in a **general maximum live hog/steer ratio of 0.81**, and of **0.68 for the general average live hog/steer ratio for the first days of October.**



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Activity monitor of the pig market

		 Pork market dashboard								
Indicator	Unit of measure	sep-21 (1)	aug-21 (2)	sep-20 (3)	Chg. (1) vs (2)	Chg. (1) vs (3)	Accumulated		Y.o.Y. chg	
							jan-sep 2021	jan-sep 2020		
Slaughter	(Thousands of heads)	603.686	636.940	589.329	↓ -5,2%	↑ 2,4%	5.557.502	5.183.489	↑ 7,2%	
Production	(CWE)	55.816,0	59.354,5	54.993,2	↓ -6,0%	↑ 1,5%	521.046,6	487.908,9	↑ 6,8%	
Exports	(CWE)	930,0	1.318,5	3.828,3	↓ -29,5%	↓ -75,7%	26.949,0	30.415,8	↓ -11,4%	
	Millions of US\$	1,3	1,9	6,5	↓ -29,5%	↓ -79,7%	51,5	49,3	↑ 4,4%	
Imports	(CWE)	3.700,0	3.104,4	2.275,2	↑ 19,2%	↑ 62,6%	25.763,0	14.870,5	↑ 73,2%	
	Millions of US\$	10,1	8,6	6,5	↑ 16,8%	↑ 55,4%	73,7	45,1	↑ 63,4%	
Trade Balance (c)	Millions of US\$	-8,7	-6,7	0,0	↓ -2,00	↓ -8,75	-22,2	4,3	↓ -26,42	
Apparent consumption	(CWE)	58.586,0	62.691,9	54.988,6	↓ -6,5%	↑ 6,5%	530.138,1	482.004,3	↑ 10,0%	
Consumption per cápita (a)	(kg/person/year)	15,1	16,2	15,8	↓ -6,5%	↓ -4,6%	15,5	15,5	↑ 0,2%	
Consumption per cápita yearly average	(kg/person/year)	15,7	15,7	15,2	↓ -0,4%	↑ 3,3%				
Export/production ratio(a)(b)	(%)	1,7%	2,2%	7,0%	↓ -0,56	↓ -5,30	5,2%	6,1%	↓ -0,97	

Source: BCRmercados based on data from MAGYP
Y.o.Y. chg = Year over Year change in accumulated values/average values. CWE = Carcass Weight Equivalent
(a) = Average jan - sep values. (b) Change in porcentual points. (c) Y.o.Y. accumulated change

Pig slaughter in September was 603,686 heads, falling slightly over 5% compared to the previous month. However, compared to the same month in 2020, this number implies an increase of 2.4%. Likewise, comparing 2021 to date with the same period in 2020, pig processing remains 7.2% above, exceeding the 5.5 million animals slaughtered. For its part, meat **production** shows similar movements for all periods, since the 55,816 tons generated in the ninth month of the year resulted in a 6.2% decrease compared to the previous month, although year-on-year this figure entails a 1.4% increase. Likewise, in the period between January and September 2021, pork production was 6.8% above 2020.

Regarding **foreign trade**, Argentina's trading deficit deepened in September, going from 13.4 million dollars up to August to a negative balance of 22.2 million dollars in September. This result is a consequence of the decline in exports and the drop in the international prices of pork. It is estimated that during the third quarter of 2021 the shipment of pork by-products has decreased by almost 70% compared to the same period of 2020. In addition, imports have increased dramatically from 14,800 tons in the first 9 months of 2020 to 25,760 tons in the same period of 2021, resulting in a 73% increase. In addition, analysing the share of exports over the national production of pork (**export/production ratio**), it can be concluded that in 2021 the export sector has reduced its share by 0.97 percentage points.

Apparent consumption in September had a 4.5% drop compared to August, mainly due to lower production. However, comparing the results of 2021 with those of 2020, there are upward variations both for the same month (6.5%) and for the January-September segment (9.7%).

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Highlights of the pig market:

During last month, significant movements were registered at the institutional level. In this sense, on November 8th, Resolution 564/2021 was launched declaring a Sanitary Alert due to the detections of cases of African Swine Fever (ASF) virus in pigs from the Dominican Republic and Haiti. This fact poses the chance of this virus spreading in the American continent. In order to reduce the risk of entering our country, the aforementioned Resolution empowered the National Agricultural Health Service (SENASA, for its Spanish acronym) to adopt preventive measures and extraordinary technical-administrative actions. This is mainly oriented to the entry of swine products from places where this virus is present. There are currently no cases of ASF in Argentina, although the efforts will be intensified all the same to keep the disease at bay.

On the other hand, pork production seems to slow down due to a lower slaughter on a national level. Pig processing in the national territory has gone from 664,320 heads in June this year to 603,686 in September, making three consecutive falls. Likewise, preliminary data on slaughter in the month of October from MAGyP Information Management Service affirm that in the tenth month of the year some 590,651 pigs were slaughtered, which would be the lowest record since February this year (553,615 heads slaughtered). Similarly, the 54,640 tons of pork produced in October would also be the lowest since the second month of the year. However, year-on-year records both for production and slaughter would remain close to 6% above previous years.

